2014

ANNUAL REPORT

CITY OF ST. ALBERT

PROVINCE OF ALBERTA

FOR THE YEAR ENDED DECEMBER 31, 2014

stalbert.ca

City of St. Albert Cultivate Life

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City of St. Albert, Alberta, Canada
2014 Annual Report, for the year ended December 31, 2014
Prepared by: Corporate Strategic Services Division and Financial Services

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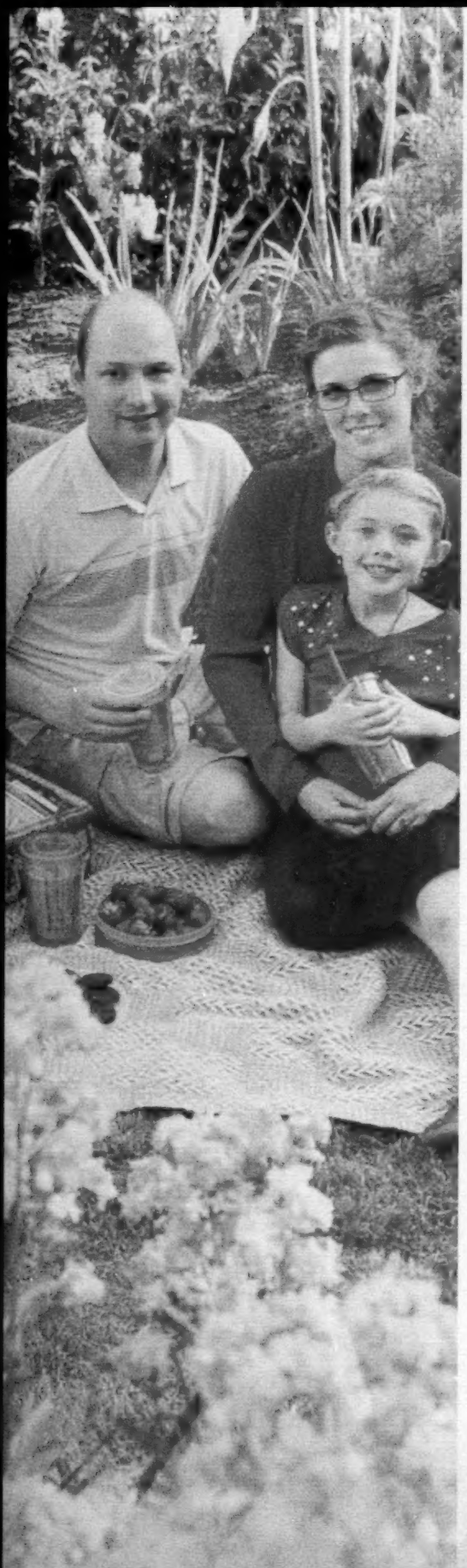

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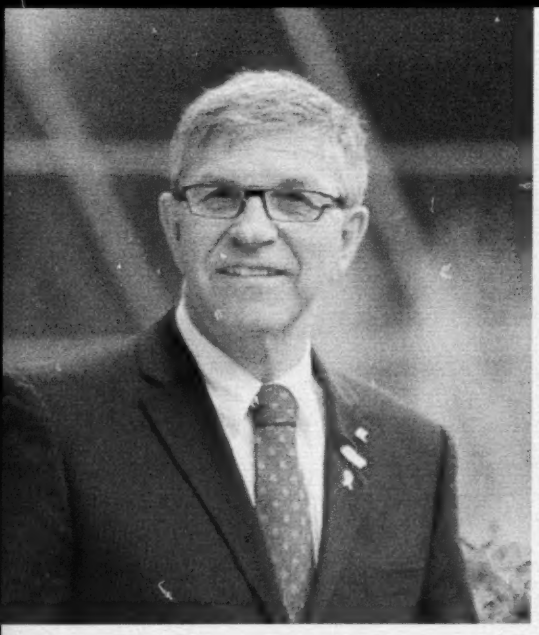


MESSAGE FROM THE MAYOR

On behalf of City Council, it is my pleasure to present the City of St. Albert's 2014 Annual Report.

St. Albert, the Botanical Arts City, is one of the safest, most beautiful and most creative places in Canada. We are blessed to live in the midst of a tremendous landscape, with many parks, trails and natural areas in walking distance. We are an active community, which embraces the many recreational opportunities available in our city.

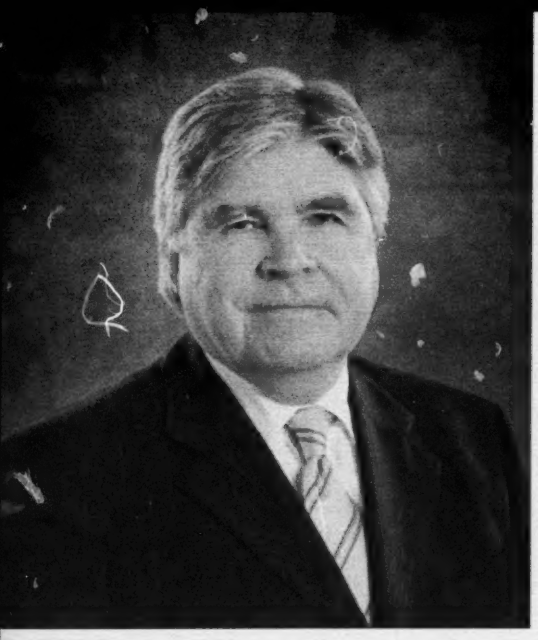
The City of St. Albert offers residents a variety of essential services and we are proud to do so in a fiscally responsible manner. Council has taken a long term view of what is required to ensure we have a sustainable city well into the future. We have developed the City of St. Albert Strategic Plan to outline our priorities and look forward to finalizing our Community Vision to guide councils and administrations over the next 50 years.

In 2014, Council identified six strategic outcomes that provide clarity on what we, as a community, are working together to achieve over the next 50 years:

- Cultivate Economic Prosperity
- Cultivate a Historic, Creative and Active Community
- Cultivate a Green Community
- Cultivate Excellence in Government
- Cultivate Sustainable Infrastructure and Services
- Cultivate a Safe, Healthy and Inclusive Community

Council is committed to providing our city with wise and visionary governance on behalf of residents and local businesses. I invite you to read the rest of this report to learn about the work Administration is doing to support Council's strategic outcomes. By working together with our community, we ensure St. Albert continues to be one of the finest cities in which to live, work and welcome visitors.

Nolan Crouse
Mayor of St. Albert | The Botanical Arts City



MESSAGE FROM THE CITY MANAGER

On behalf of Administration, I am honoured to introduce the City of St. Albert's 2014 Annual Report to Council and the community.

During the past year, Council focused on six strategic outcome areas:

- Cultivate Economic Prosperity
- Cultivate a Historic, Creative and Active Community
- Cultivate a Green Community
- Cultivate Excellence in Government
- Cultivate Sustainable Infrastructure and Services
- Cultivate a Safe, Healthy and Inclusive Community

Administration maintained existing and introduced a variety of new initiatives to support these areas of focus.

CULTIVATE ECONOMIC PROSPERITY

New wayfinding signage was introduced to help motorists and cyclists locate key city attractions. The signage guided visitors to popular destinations via scenic routes past the river valley, through downtown and along picturesque streets. The signage reflected the City's Botanical Arts branding and helped convey St. Albert's unique character. Several pilot projects were introduced, including pop-up patio and angle parking initiatives. Popular existing programs were also continued: the Botanical Loop, which takes riders to the Botanic Park, Enjoy Centre and Farmers' Market on a special St. Albert Transit bus; and Cultivating Front Yards, which encourages residents and businesses to beautify their private landscapes. A new event, Dig-In, was introduced to celebrate locally grown and prepared foods. The event was a great success and will continue in 2015. The City worked on a downtown approaches study and a downtown parking study and gathered input on major projects such as the St. Anne Street realignment, which will provide improved access to valuable downtown real estate. The City also prepared a series of research studies and reports to support businesses, investors and residents in making informed choices and to support Council and Administration with future planning.

These publications include:

- Major Event Economic Impact Report
- Retail Market Analysis Report
- Hotel Demand Study
- Future Industrial Demand Study
- Regional Labour Studies
- Entertainment Demand Study

St. Albert began development of a SMART City Master Plan and hosted, in collaboration with its SMART City Alliance partners, the inaugural SMART City Symposium. The event enabled participants to share ideas on how cities can most effectively use SMART City technology and innovative strategies to improve the efficiency and effectiveness of their operations, with the ultimate goal being to improve the quality of life for residents.

CULTIVATE A HISTORIC, CREATIVE AND ACTIVE COMMUNITY

The City launched a new event designed by and for young adults called the Amplify Youth Festival. With support from City staff, a volunteer committee did all of the planning for the event. The two-day festival took place in October at the Enjoy Centre. Design work was undertaken for the Founders' Walk, with construction set to proceed in 2015. Planning for a Cultural Wall/Walk of Fame also continued. This project will celebrate the many cultural contributions residents have made over the years. Administration, along with the Mountain Bike Skills Park Advisory Committee and St. Albert Bike association, implemented a thorough public engagement process to help determine 43R Riel Drive as the site for the park, which was approved by Council in March. Construction will begin once a natural area assessment has been successfully completed. The City worked together with the Arts and Heritage Foundation to incorporate their capital plans with the City's formal process to encourage retention and preservation of the City's unique physical heritage assets. A number of high profile projects were also completed, such as the Campbell Dog Friendly Park and Erin Ridge Trail.

CULTIVATE A GREEN COMMUNITY

An updated Environmental Master Plan was presented to Council in the spring, which was revised based on community consultation conducted in 2013. The organic waste collection program was expanded to include local elementary schools. The City also finalized plans to address salt contamination at the former Public Works yard. Construction was completed on two at-grade crossings to support the Council priority focused on whistle cessation. Administration submitted an application to obtain grant funding for the remaining crossings. If the grant request is successful, the City would undertake additional work in 2015-2016. The City also partnered with schools, community groups and residents to collect litter in the river valley, school yards and neighbourhoods. In 2014, Council approved Salisbury Park as the location for the city's first air quality monitoring station. To support an environmentally responsible method for controlling mosquito populations, the City introduced a pilot project to attract bats, which are natural predators of mosquitoes. Trees are an integral part of St. Albert's identity; to celebrate Arbour Day, 530 trees were planted in Willougby Park. Later in the year, about 300 plants were added to the river valley as part of the annual Clean and Green RiverFest initiative.

CULTIVATE EXCELLENCE IN GOVERNMENT

The City connected with over 6,000 residents to gather their input on the type of community St. Albert should focus on becoming over the next 50 years. A volunteer committee reviewed the ideas received and will develop a draft Vision for review in 2015. Once finalized and approved by Council, the Community Vision will transcend shorter term priorities and guide all of the plans and work undertaken by future councils and administrations. St. Albert City Council also worked more closely with Sturgeon County Council on areas of mutual interest. This improved relationship resulted in a Memorandum of Understanding with Sturgeon County, which reflects the joint priorities of the two jurisdictions.

Administration also introduced three Continuous Improvement Programs in 2014:

- Development Application Process Review to review the City's existing development applications process, identify inefficiencies and create a more user friendly process.
- Public Communication, Consultation and Engagement to establish clear protocols, expectations and techniques to support enhanced public communication, consultation and engagement.
- Service Levels Benchmarking to analyze and inventory the City's service level standards. The project is expected to be completed in 2015.

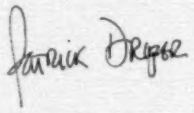
CULTIVATE SUSTAINABLE INFRASTRUCTURE AND SERVICES

A significant stakeholder consultation was undertaken in support of the City's Transportation Master Plan. Council approved stage 1 of a preferred corridor for the Light Rail Transit (LRT) functional alignment study. Council approved funding to support growth-area transit service to higher density residential areas. In addition, work progressed on developing service levels and standards. A functional plan for the 50+ Club building was prepared and an open house was held to share design options with residents. The open house also provided an opportunity to gather resident feedback to guide the development of detailed designs for the Club's renovation and expansion. The project is scheduled to be complete by July 2016.

CULTIVATE A SAFE, HEALTHY AND INCLUSIVE COMMUNITY

A number of initiatives were completed in 2014 to improve the health and safety of residents of all ages. Key among them was the Safe Journeys to School project, which offered a comprehensive set of recommendations on ways to maximize the safety of children on their way to and from school. A Social Master Plan was also developed to guide the City's efforts to provide support to St. Albert's families and neighbourhoods. The Youth Working Group identified issues, strategies and priority actions for the future. The group also developed a three-year strategic action plan for youth, which will be presented to Council in 2015.

Administration is committed to continuing to provide residents with high-quality, cost-effective and sustainable programs and services that are developed and delivered in alignment with Council's priorities for the community.

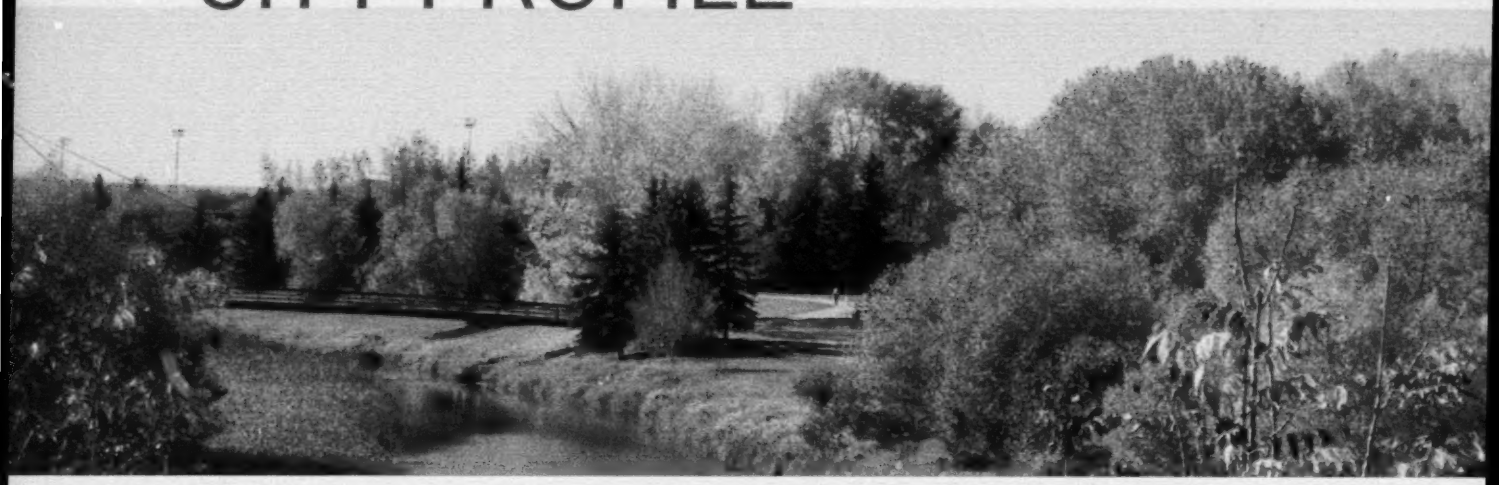


Patrick Draper
City Manager

INTRODUCTION

The City of St. Albert is pleased to present its 2014 Annual Report, which provides an overview of the City's various corporate and financial accomplishments throughout the year. These accomplishments are based on City Council's six strategic outcomes outlined in the report and the City's audited financial statements.

CITY PROFILE



One of the most beautiful cities in Alberta, St. Albert has long been recognized as a community of choice with its picturesque landscape straddling the Sturgeon River, celebrated parks and trail system, state of-the-art amenities, inviting neighbourhoods with tree-lined streets, lively arts and culture, and outstanding attractions and events. Established in 1861, St. Albert is steeped in history and is the oldest non-fortified community in Alberta. Today, St. Albert is a vibrant city with a population of 63,255 (2014 Census report).

With direct access to resource development in northern Alberta, excellent transportation networks and a highly educated workforce, St. Albert is positioned to attract clean industry, with a focus on professional, scientific and technical services and "green" industries that match the Botanical Arts City brand.

GOVERNMENT STRUCTURE

The City of St. Albert's mandate is to provide various social, environmental, cultural and recreational programs, protective services, transportation systems, public utilities, and other local services to the community. The municipality consists of two branches – a legislative branch (comprising City Council), and an administrative branch (led by the City Manager). City Council provides strategic direction to Administration through the City of St. Albert Strategic Plan and a variety of plans, bylaws, policies and other governance measures. City Council consists of a Mayor and six Councillors. Council is elected at large by residents to serve a four-year term and governs in accordance with powers granted under the Alberta Municipal Government Act.

2014 ST. ALBERT CITY COUNCIL

Mayor Nolan Crouse

Councillor Wes Brodhead

Councillor Cathy Heron

Councillor Sheena Hughes

Councillor Cam MacKay

Councillor Tim Osborne

Councillor Gilles Prefontaine

CITY COUNCIL, MISSION, VISION AND VALUES

City Council's Vision, Mission, and Values provide Administration the foundation to make recommendations to Council and to guide Administration's decisions. The Vision describes the type of city that Council wants St. Albert to become; the Mission describes the Council's purpose and the Values define how Council will carry out decisions and actions.

VISION

As the Botanical Arts City, St. Albert is recognized throughout the region as a vibrant and thriving urban centre with a strong sense of community.

MISSION

Represent the citizens of St. Albert, make decisions in the best interest of the entire community and ensure the corporation delivers results that will help sustain a high quality of life for St. Albertans.

VALUES

Community

Consider the best interests of the community.

Engagement

Engage residents and stakeholders in City Council and community matters.

Integrity

Behave consistently with our values.

Respect

Respect and consideration for all people and their perspectives.

Stewardship

Stewardship of community resources.

Trust

Earn and retain trust.

Understanding

Understand the issues – be inquisitive, informed and prepared.

Acceptance

Accept the diversity of opinions and skill sets of Council members.

Forward Thinking

Employ a forward-thinking mindset when faced with decisions that impact the long-term sustainability of the community.

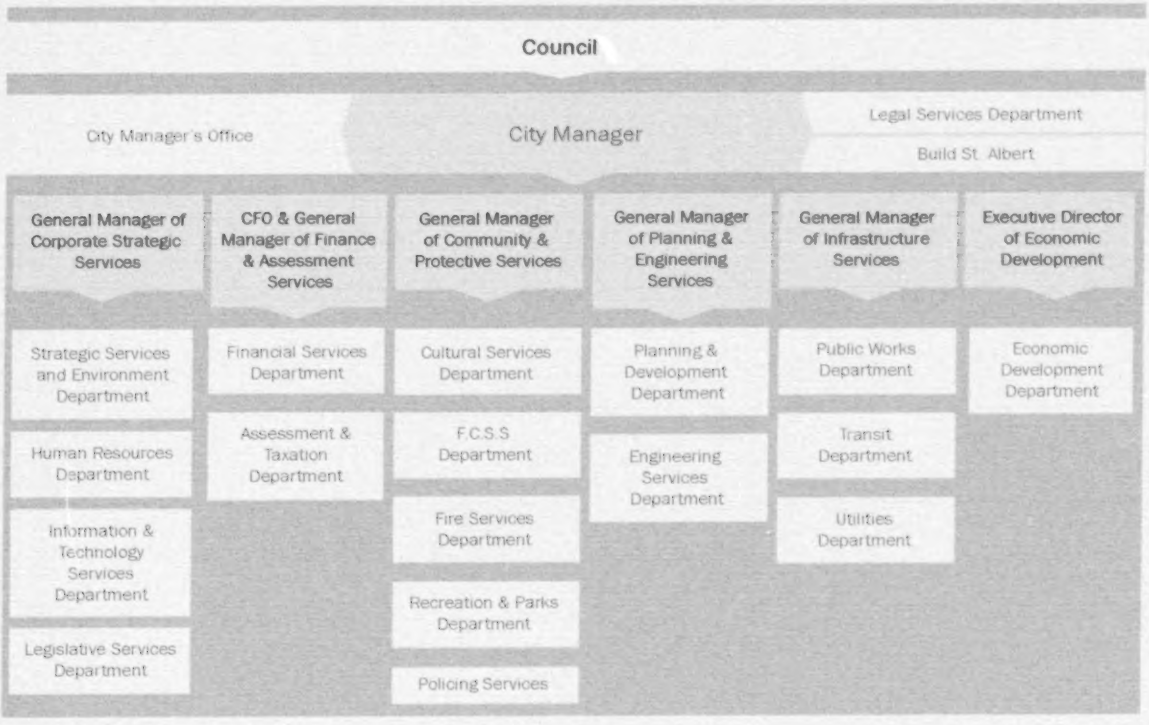
ADMINISTRATION

City Administration is led by an appointed City Manager.

The Senior Leadership Team serves as the organization's executive administration and provides strategic direction. It includes the City Manager and has:

- Chief Financial Officer and General Manager of Finance and Assessment Services
- Executive Director of Economic Development
- General Manager of Community & Protective Services
- General Manager of Corporate Strategic Services
- General Manager of Infrastructure Services
- General Manager of Planning & Engineering Services

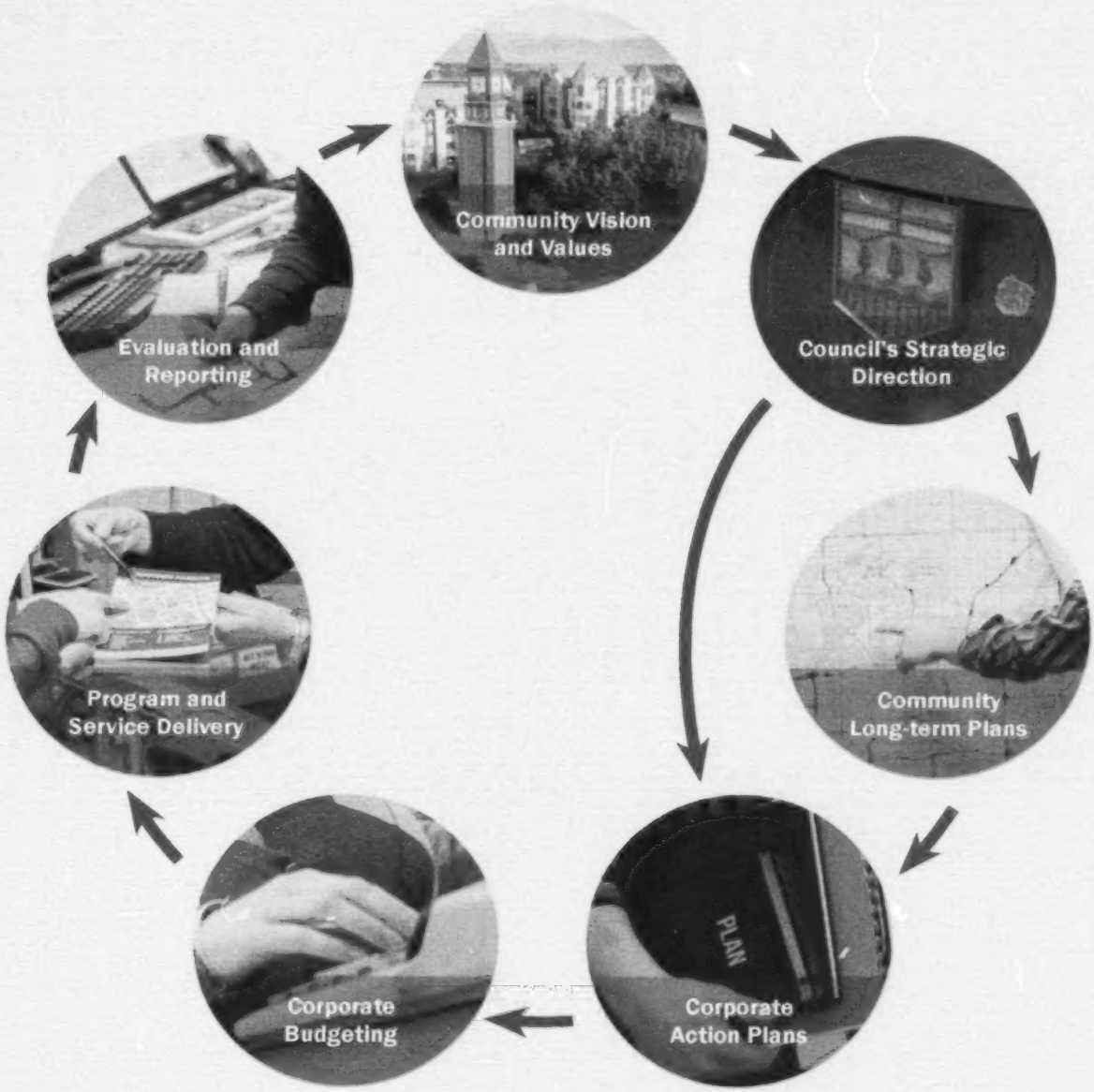
A broader Leadership Team provides essential support and operational direction. It is made up of department leaders.



OUR STRATEGIC FRAMEWORK

Our strategic framework starts with the City listening, responding, servicing and reporting to residents. Ongoing public consultation also takes place throughout each phase to hear from residents and help guide decisions.

This structured framework provides clarity and directs the City's future, as well as provides a balanced approach to achieve long-term plans and focus on short-term action.



COMMUNITY VISION AND VALUES

The purpose of the community vision and values is to provide a clear and inspirational vision that describes what the community wants the City of St. Albert to become over a long period of time. A community vision can range from 25 to 100 years.

COUNCIL'S STRATEGIC DIRECTIONS

Based on the community's needs, City Council sets long term direction for Administrative implementation. Strategic direction and action are carried out primarily through the City of St. Albert Strategic Plan, which includes Council's goals, priorities and performance standards. This long term direction is subsequently reflected in the corporate actions plans and budget that are submitted annually.

COMMUNITY LONG-TERM PLANS

Community long-terms plans are required to articulate high-level strategies in connection with the community vision, tie the needs of the community together, and identify a roadmap for achieving these goals. These plans can range from four to 25 years. The City has many of these essential plans in the form of master plans, management plans, and long-term department plans. These plans may recommend bylaws and policies.

CORPORATE ACTION PLANS

Corporate action plans are required to align with Council's strategic directions and provide more details about how and when these will be achieved. These are developed to reflect a three year period.

CORPORATE BUDGETING

The corporate budgeting cycle provides a comprehensive record of how the City will allocate its resources towards different programs, services, and initiatives identified in the corporate action plans. The budget cycle occurs annually. The budget process includes various elements, such as municipal operating and capital budgets, utility operating and capital budgets, fees and charges, fines and penalties, and business cases.

PROGRAM AND SERVICE DELIVERY

The City offers a variety of community, municipal, strategic and support services that are designed to enhance the quality of life for all residents within the community. These programs and services report to standards which are approved by Council.

EVALUATION AND REPORTING

The City evaluates programs and services regularly and communicates its progress towards achieving the community vision through reporting. This includes both quantitative and qualitative statistics based on measurable indicators from Council's strategic plan, the community long-term plans and corporate action plans. Reporting typically occurs on a quarterly and annual basis.

YEAR IN REVIEW

The Year In Review section provides an overview of accomplishments for both City services delivered to residents and progress demonstrated towards achievement of Council's strategic outcomes, goals and priorities throughout 2014.

CITY SERVICES

The City provides a variety of community, municipal, strategic and support services. These programs and services are planned and delivered based on community needs and expectations, under Council's direction.

The following section provides an overview of the key highlights in 2014 observed across City services.

COMMUNITY, RECREATIONAL AND CULTURAL SERVICES

The City of St. Albert offers a variety of outstanding programs and services that enhance the quality of life and provide opportunities to residents and visitors of all ages to participate in recreation, arts, culture, and general community programs.

FAMILY AND COMMUNITY SUPPORT SERVICES

Family and Community Support Services (FCSS) are offered to residents through a mandated program. The Alberta provincial government funds 80% and the City funds the remaining 20%.

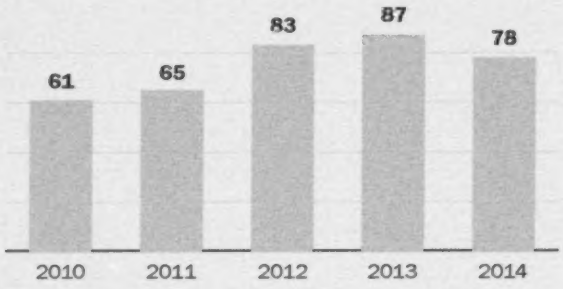
FCSS provides community development and youth programming, which consist of neighbourhood development, the family-school liaison program, and asset development in youth.

Since 2010, FCSS has helped to foster a sense of community and connectedness through the use of neighbourhood block parties. The number of neighbourhood block parties has been increasing from 61 in 2010 to 78 in 2014.

About 4,200 residents attended neighbourhood parties in 2014.

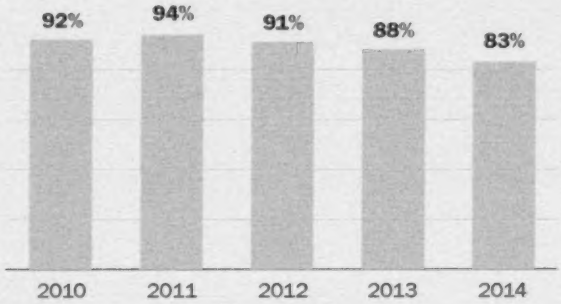
2014 Block Party

Number of Block Parties



2014 Block Party

Improved Feeling of Community Connectedness



From 2010 to 2012, the improved feeling of community connectedness in neighbourhoods has remained high in the 90th percentile and 80th percentile in 2013 and 2014 respectivley. In 2014, 83% of residents who attended block parties reported an improved feeling of community connectedness.

CULTURAL SERVICES

In collaboration with residents, Cultural Services provides quality cultural experiences and opportunities to stimulate individual exploration and creative expression. These include the St. Albert's Children Theatre and Arden Theatre professional programming, visual art programming involving local art studios, and public art and heritage programs.

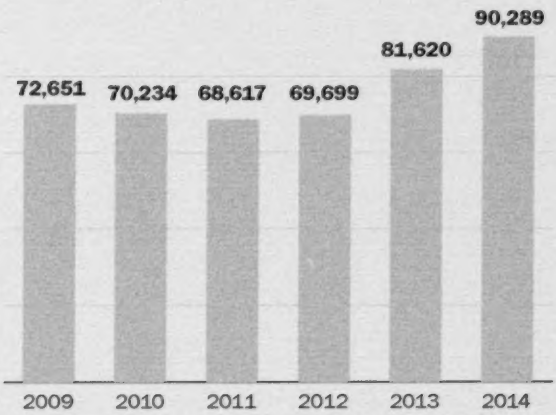
Arden Theatre

Cultural Services sponsor events such as the Northern Alberta International Children's Festival and the Amplify Youth Festival, as well as the Mayor's Celebration of the Arts, which recognizes and celebrates artists in the community.

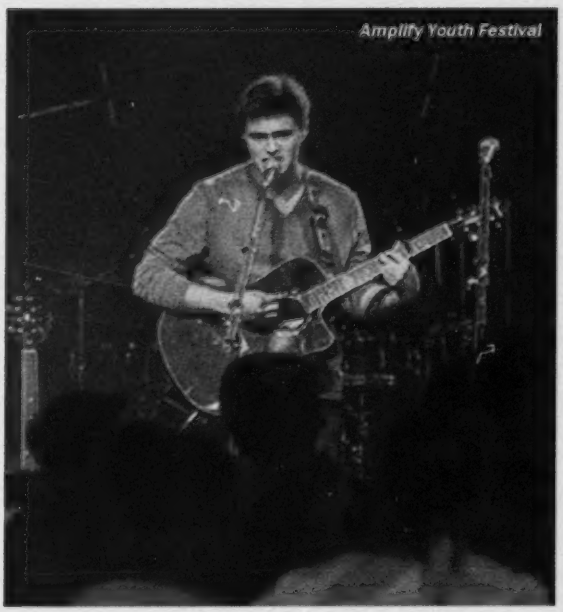
Mayor's Celebration of the Arts

The Arden Theatre programs are well attended in the community.

Arden Theatre Attendance per Year



In 2009, there were 72,651 attendants at the Arden Theatre programs. The number in attendance went down to 70,234 in 2010 and 68,617 in 2011, but picked up to 69,699 in 2012 and rose to 81,620 in 2013. In 2014, the Arden Theatre attendance reached a peak since 2009 with 90,289 attendants in Arden Theatre programs.


Amplify Youth Festival

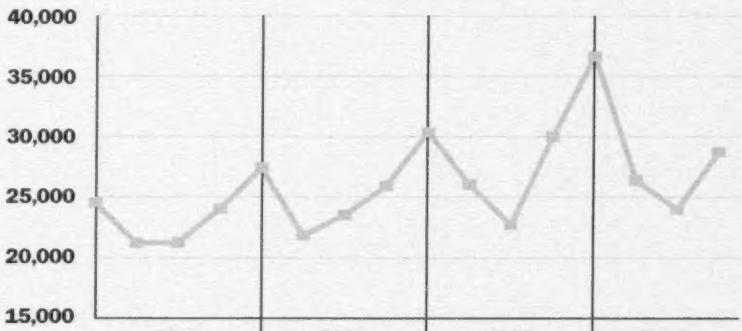
RECREATION AND PARKS

The City provides a wide range of recreation and parks opportunities, both directly and through community partnerships. These opportunities include access to and programming of aquatics facilities, fitness centres, gymnasiums, arenas and other ice surfaces, sport fields and field houses. In addition, the City also offers recreational events such as the Servus Place Halloween Haunt and the Spruce-up St. Albert Park events.

In 2014, drop-in participants in culture, fitness and aquatics, recreation and parks programs increased significantly, reaching 115,755 participants, compared to 109,079 in 2013 and 98,686 in 2012. These drop-in participants include participants in City offered drop-in programming, Fitness and Aquatics programming.

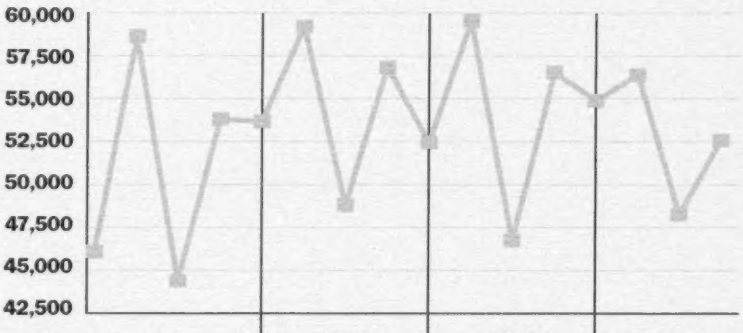
Although drop-in participants in culture, fitness and aquatics, recreation and parks programs increased in 2014, registered program participants in the same programs decreased slightly in 2014. There were 212,127 participants in registered programs in recreation, fitness, culture and aquatics program in 2014, which represents a slight decrease from 2012.

Drop-in Program Participation per Quarter



	2011	2012	2013	2014
Annual Total	91,057	98,686	109,079	115,755

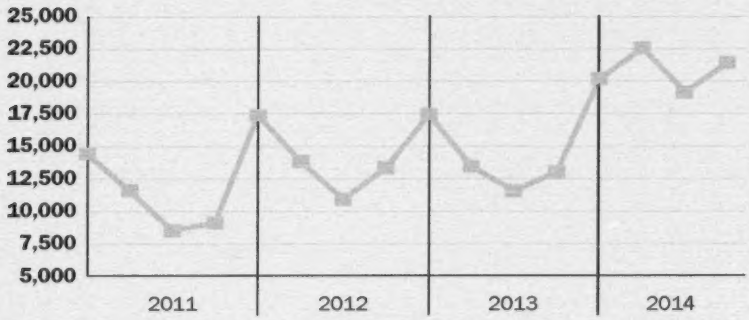
Registered Program Participation per Quarter



	2011	2012	2013	2014
Annual Total	204,709	219,526	215,607	212,127

The community's use, participation and rental of City's facilities continue to grow. City facilities include Servus Place (fieldhouses, gymnasiums, arenas), playfields/playgrounds, outdoor fields, Akinsdale/Kinex arenas, Fountain Park and Grovesnor pools, Arden Theatre, Progress Hall and Visual Art Studios.

Rental and Programmed Hours at City Spaces



	2011	2012	2013	2014
Annual Total	43,678	55,471	55,466	83,365

Rental and programmed hours at City facilities reached 83,365 hours in 2014, an increase by 27,899 hours from 2013. The City's facilities use has been increasing from year to year since 2011.

ECONOMIC DEVELOPMENT

Economic development programs and services are provided to help retain and expand local businesses and attract new investment, residents and visitors to the city. Key programs include business retention and expansion, resident recruitment, investment recruitment, business licensing and tourism.

Building construction values have progressively increased since 2010, spiking in Q1 2013 and remaining steady in 2014. Building construction values are measured by the permits granted for residential, industrial & commercial construction, and institutional development and/or renovations.

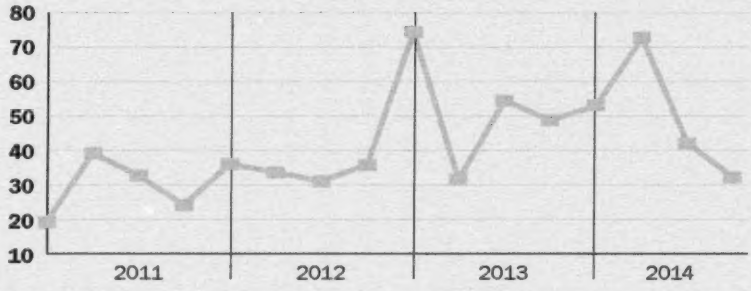
The total construction value in 2011 was $115.2 million in 2011, $136.47 million in 2012 and reached the highest value in 2013 with a total of $209.15 million. In 2014, the total construction value was $200.21 million, the second highest total construction value since 2010.

St. Albert has also seen growth in the number of new business licences since 2012. Business licenses fall into three categories: new resident (businesses within St. Albert), non-resident (nearby businesses outside the city boundaries) and home-based (businesses operated at a residence in St. Albert).

The number of business licenses issued by the City decreased from 425 in 2011 to 396 in 2012 and reached 529 in 2013, the highest number of issued business licenses since 2011. In 2014, 448 business licenses were issued.

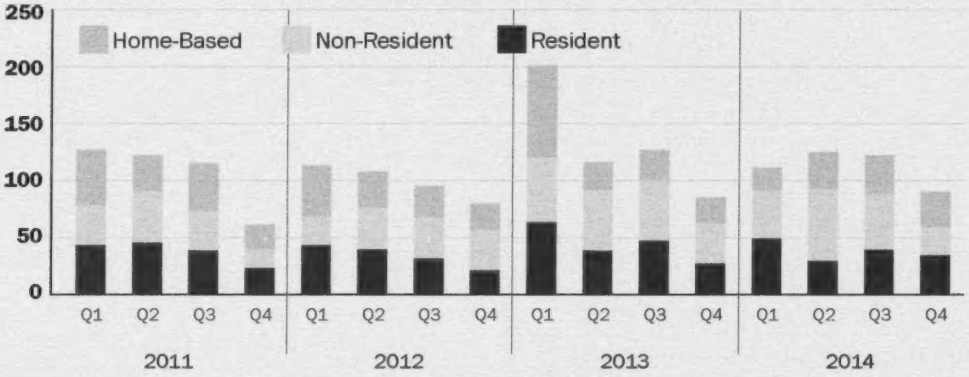
Although 2013 is the year in which the largest number of business licenses (499) was issued and the highest construction value ($209 million) was reached, 2014 still experienced the second highest numbers in both construction values and issued business licenses since 2010.

Building Construction Value Per Quarter ($Millions)



Annual Total	115.2	136.47	209.15	200.21

New Business Licences per Quarter



Annual Total	425	396	529	448

MUNICIPAL SERVICES

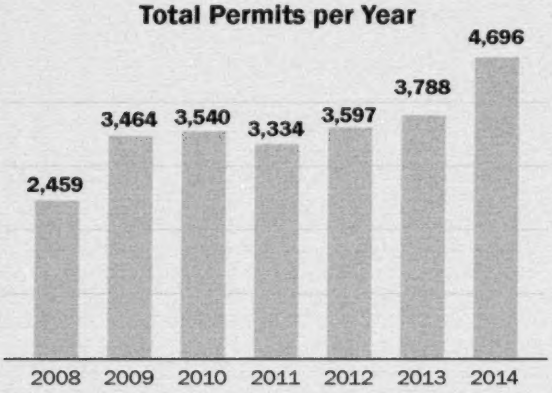
The City provides a number of municipal services that are required by residents, visitors and businesses to maintain enjoyment, safety and quality of life.

PLANNING AND ENGINEERING

The Planning and Development Department is responsible for coordinating land development for the community. To facilitate land development, key services include processing applications to ensure planning regulations and statutory regulations are met; issuing building permits, and conducting building inspections for all residential, commercial, institutional, park and industrial development.

The number of permits for building, mechanical, electrical, plumbing, water and sewer, gas and propane, and heating, ventilation, and air conditioning (HVAC) issued by the City are an indicator to assessment growth. In 2014, the City issued a total of 4,696 permits; the highest number of permits issued since 2008.

Total Permits per Year

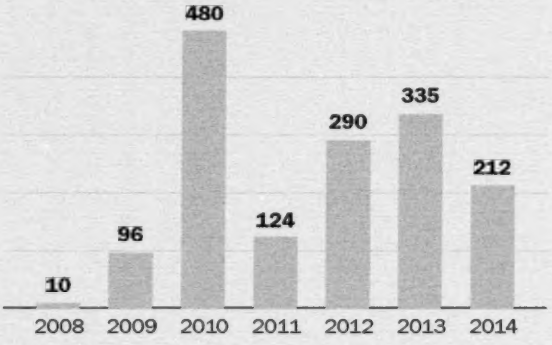


The 4,696 permits issued in 2014 show a 24% increase from 3,788 issued permits in 2013 and a 31% increase based on the 3,597 issued permits in 2012.

The Engineering Department provides key services and programs including infrastructure and transportation planning, infrastructure and asset management, capital projects management, and engineering planning and development.

In 2014, there were 212 subdivided and registered parcels for both residential and non-residential buildings. This is a decrease from 2012 and 2013 numbers where 335 and 290 parcels were subdivided and registered, respectively. Since 2008, the highest number of registered parcels was recorded in 2010 at 480 lots.

All Lots Registered at Land Titles Per Year

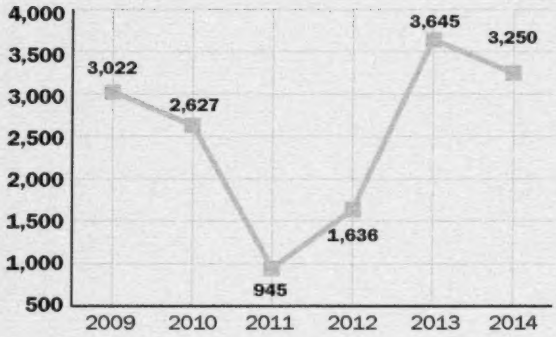


PUBLIC WORKS AND UTILITIES

The Public Works staff ensure that the City's infrastructure is operated and maintained in a cost-effective manner with established service levels, consistent with regulated safety standards. Key services and programs include snow and ice control; turf maintenance; urban forestry management; maintenance of city buildings, recreational facilities, fleet and equipment; and roadway repair and maintenance.

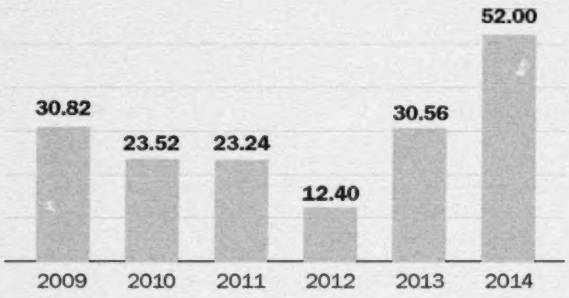
In 2014, Public Works repaired 3,250 potholes, 395 less potholes from the previous year.

Total Potholes Repaired per Year



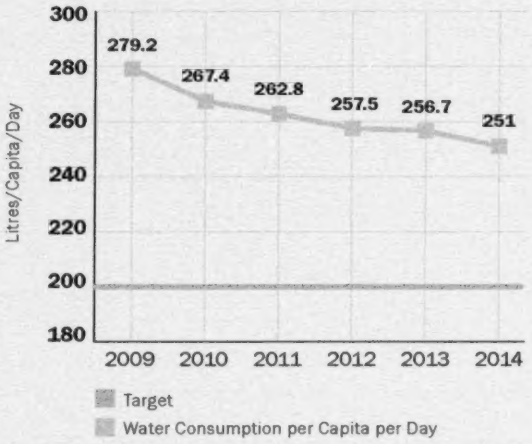
In addition, Public Works spray-patched 52 kilometers of roads in 2014, the longest kilometres of roads spray-patched in the past six years.

Kilometers of Roads Spray-Patched per Year



The Utilities Department provides water, wastewater, storm water, garbage collection and disposal, and compost and recycling services for the residents of St. Albert. To accomplish this, several areas within the City work together to provide support and services dedicated to or aligned with the Utilities Department including Engineering and Finance.

Annual Composite Water Consumption per Capita per Day



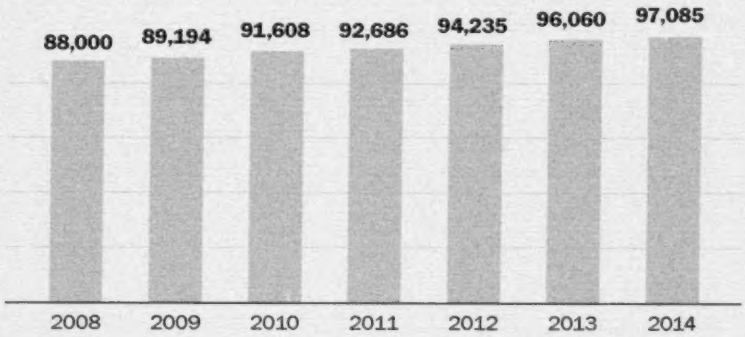
Water consumption continued its trend downwards despite a dry summer. The City's overall target for composite water consumption per capita per day is set at 200 litres by 2020.

TRANSIT SERVICES

For St. Albert residents, public transit services provide safe, reliable, equitable, convenient and cost-effective travel within the city and to Edmonton. The City offers local and commuter conventional transit, specialized transit (handibus) for residents with reduced mobility, and charter bus services.

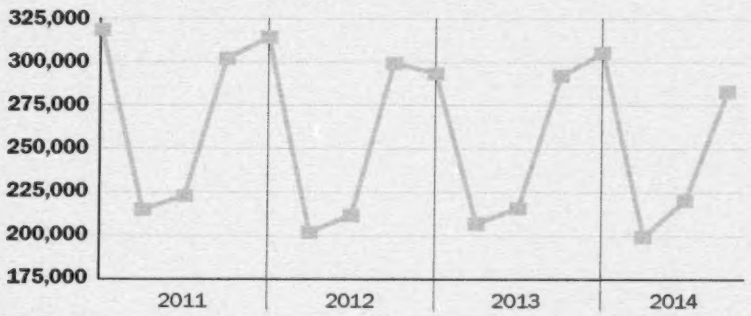
In 2014, the City of St. Albert provided 97,085 hours of public transit, the highest number in the past six years.

Total Services Hours per Year



The transit commuter ridership varies seasonally whereby Quarter 1 and 4 have registered the highest number of transit commuter ridership since 2010 due to the high number of university and post-secondary students using transit.

Transit Commuter Ridership per Quarter

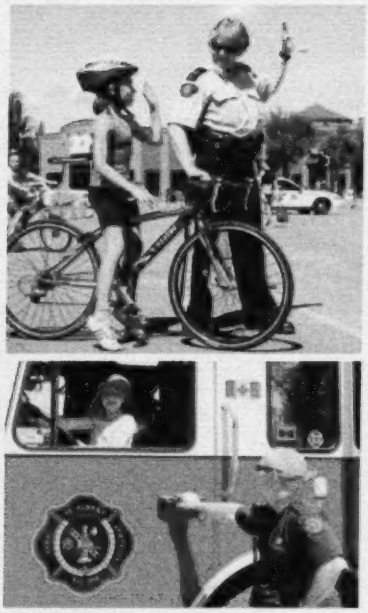


Annual Total	**1,057,864**	**1,026,867**	**1,008,152**	**1,007,999**

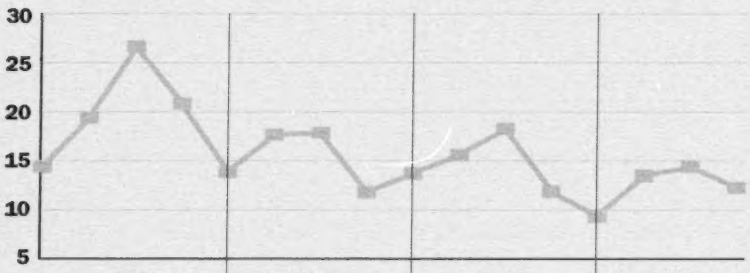
The total number of commuter riders from year to year from 2011 to 2014 was 1,057,864; 1,026,867; 1,008,152 and 1,007,999 riders respectively. In 2014 was the lowest commuter ridership per year since 2010.

POLICE SERVICES

Policing Services preserve the peace, protect life and property, and provide safety education to the community. General policing services include investigation, drug enforcement, traffic enforcement, crime prevention and reduction services. Policing services also includes photo enforcement, municipal enforcement and 911 operations (call answering and dispatching).



Criminal Code Incidents Per 1000 Capita Per Quarter



	2011	2012	2013	2014
Annual Total	**81.25**	**61.17**	**59.45**	**49.57**

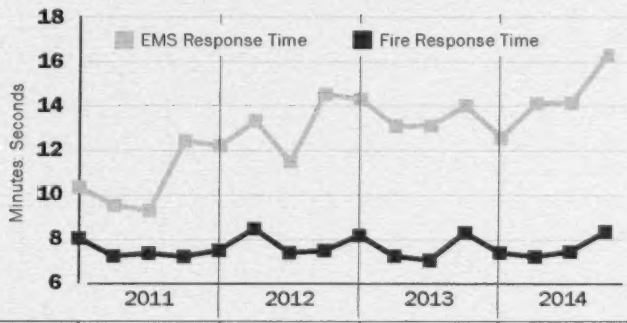
The rate of criminal code incidents went down from 2013 to 2014, from 59.45 to 49.57 incidents per 1,000 residents. Since 2010, there has been a downward trend in the number of criminal code incidents, and 2014 recorded the lowest criminal code incidents per 100 capita since 2010.

FIRE SERVICES

Fire Services safely and efficiently prevent the loss of life and property. Key programs include fire and medical first-response dispatch, ambulance service and fire protection. Fire protection consists of fire rescue and medical first response, fire prevention and investigation, fire and life safety education, and emergency management and preparedness.

Since 2010, the fire response time has met the standard of responding to calls within 9 minutes for 90% of all calls. The annual 90th percentile fire response time for 2014 was 7 minutes 45 seconds.

Emergency Response Time

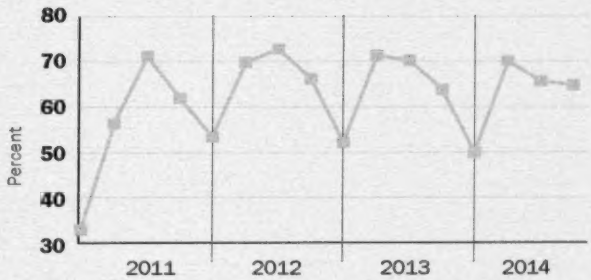


	2011	2012	2013	2014
Yearend 90th percentile EMS	**11:13**	**13:26**	**13:53**	**14:36**
Yearend 90th percentile Fire	**7:35**	**8:01**	**8:17**	**7:45**

ENVIRONMENT AND SUSTAINABILITY

Environment and sustainability services ensure that the City's planning and operations follow all relevant environmental legislation and that plans contribute to the high quality of life in the city. Key services include environmental compliance and monitoring of the City's activities to ensure that these follow all relevant environmental legislation, preventing pollution, minimizing use of natural resources and continuously improving environmental performance. Other services include providing and supporting public educational opportunities and events.

Landfill Diversion Rate



Annual Total	**58.2**	**67.4**	**66.3**	**64.8**

The total landfill waste diversion for 2014 was 64.8%. This represents a slight decline from 2012 and 2013; however it is still in line with the City's target rate of 65% by 2020.

STRATEGIC AND SUPPORT SERVICES

Strategic and Support Services ensure effective and efficient operation of the City in order to provide services to Council and residents of St. Albert. These include:

ASSESSMENT AND TAXATION

The assessment and taxation staff provide equitable and accurate assessments to distribute the property

taxes appropriately within the community. The key services include the preparation of market value-based assessments and levying and collecting annual and supplementary property tax revenue for municipal, education and Sturgeon Foundation tax purposes.

CORPORATE COMMUNICATIONS AND DESIGN

The corporate communications and design staff provide strategic advice, planning and execution of communication strategies to effectively communicate the value of the City's programs, services and initiatives, as well as Council's goals and priorities.

CORPORATE PLANNING

Corporate Planning provides leadership and professional support to the Council, the City Manager, the senior leadership team and the Corporation related to effective business management, including strategic, business and operational planning, performance measurement and reporting, continuous improvement and change/ transition management.

FINANCIAL SERVICES

The City financial staff provide accounting, financial planning, and treasury management of the City through fiscal policy development; development of financial models for utility rates, taxes, user fees, and other sources of revenue; and managing the billing and collection of monthly utilities and miscellaneous accounts receivable.

HUMAN RESOURCES

The Human Resources staff provide proactive leadership and advice in the areas of recruitment, classification and job analysis, organizational design, employee and labour relations, safety and workplace wellness, compensation and employee benefits and training and development.

INFORMATION TECHNOLOGY SERVICES

The City IT staff maintain a coordinated and secure information technology environment that supports and facilitates the achievement of City objectives. Some key services include providing technical support for all City departments, users and information technology infrastructure, and application and database management.

LEGISLATIVE SERVICES

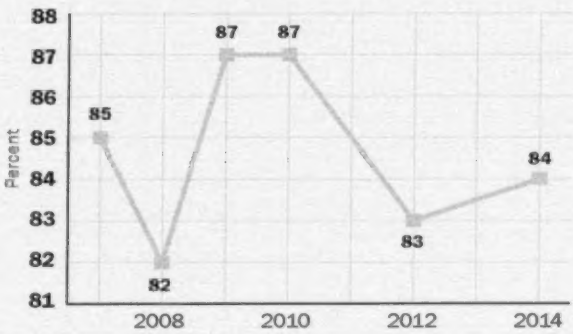
The City legislative staff provide services that support democratic decision-making for Council and the community. The key services include coordinating information to, from and among the City Council, council committees, staff, residents, quasi-judicial boards and task forces; providing advice to the Council and its committees on compliance with governing legislation, and ensuring the continuity, accuracy and consistency of the procedures and documents required to support the council and council committee decisions. The Department also serves as the Elections Office and Census Office. Municipal elections are held every four years and Municipal Census every other year.

LEGAL, RISK MANAGEMENT, INSURANCE AND PURCHASING SERVICES

These City professionals ensure that operational initiatives comply with enabling and other applicable legislation; identify and manage risks, procure insurance for City departments, and process claims against the City by third parties. Purchasing services include advising and assisting City departments with their purchasing requirements and providing mail and duplicating services.

Every two years, the City of St. Albert conducts a Community Satisfaction Survey. In 2014, 84% of respondents were satisfied with City services, facilities and programs, 15% provided were neutral, and 2% were dissatisfied.

Percent Resident Satisfaction with City Services



Resident satisfaction with City services increased from 83% in 2012 to 84% in 2014.

COUNCIL OUTCOMES UPDATES FOR 2014

In 2014, City Council approved their Goals and Priorities for the next four years. They adopted 27 goals and 81 priorities in relation to the six Council Strategic Outcomes:

- Cultivate Economic Prosperity
- Cultivate a Historic, Creative and Active Community
- Cultivate a Green Community
- Cultivate Excellence in Government
- Cultivate Sustainable Infrastructure and Services
- Cultivate a Safe, Healthy and Inclusive Community

The following section provides an overview of the progress made in 2014 towards achieving the Goals and Priorities.

CULTIVATE ECONOMIC PROSPERITY

A diversified, robust and resilient economic foundation to support growth and community service delivery

CREATE AN ATTRACTIVE ENVIRONMENT TO DO BUSINESS IN ST. ALBERT THAT RESULTS IN A DIVERSIFIED TAX BASE.

Employment Lands

In an effort to create an attractive environment to do business in St. Albert and diversify the tax base, the City has developed an Employment Lands Plan Framework to ensure the availability of land for a variety of non-residential uses. Three concepts were developed and will be presented to Council in late January 2015. To accommodate such growth, the City also explored front-end servicing of lands for commercial and industrial development. An inter-municipal servicing study was conducted, to explore joint servicing initiatives amongst neighboring Alberta communities. The draft report is scheduled to be presented to the Intermunicipal Advisory Committee (IAC) in February 2015.

ENCOURAGE A VIBRANT DOWNTOWN CORE.

Downtown core

To encourage a vibrant downtown core, the City completed the design for St. Anne Street realignment which will provide greater versatility (pedestrian, cyclists, transit and vehicles) and allow for a better relationship with the riverfront. An open house was held in October 2014 with over 170 attendees who provided feedback which was evaluated and incorporated in the final design of St. Anne Street realignment.

To enhance downtown development, the City continued to work on a number of projects including the Downtown District Update, the Downtown Parking Strategy, the Downtown Approaches Study, and pilot projects such as the angle parking on Perron Street which will continue through June 2015.

FOSTER BUSINESS RETENTION AND EXPANSION OF LOCAL BUSINESSES

Concerto Economic Development Initiative

St. Albert Councillor Prefontaine was appointed as the St. Albert representative for the Concerto Economic Development Initiative, which seeks to foster business retention and expansion of local businesses, with the top priority to increase economic contribution and prosperity of Francophones in St. Albert. A celebration of the initiative took place in May 2014 at the Little White School House.

Business Incubation Strategy

The City has been working with the Northern Alberta Business Incubator (NABI) to develop the business incubation strategy to foster business retention and expansion and develop capacity within local businesses. The first committee meeting was held in November 2014 to begin work on the project.

Promoting St. Albert – Residential Attraction

The Economic Development office undertook a project aimed at promoting St. Albert as the best place in Canada to live. The campaign intended to attract new residents and nurture a strong business development environment. It included real estate agent tours, promotion of a "Move to St. Albert" website, and radio/television/magazine advertisements. The "Move to St. Albert" website attracted 5,495 page views, up from 3,130 the year before. More than 60 real estate agents from four St. Albert realty offices participated in sold-out tours.

In addition, the City also implemented the Way Finding Program, which resulted in the installation of branded guide signs throughout the community.

PROMOTE CURRENT AND FUTURE TOURIST ATTRACTIONS AND EVENTS

Demand studies

The City of St. Albert conducted demand studies for the hotel, entertainment and commercial property industry sectors.

The Retail Demand study was provided to targeted retailers and retail marketers and follow-up calls were undertaken to provide additional information requests. The Hotel Demand Study was completed, and an implementation plan was developed for immediate distribution to potential investors. A new hotel is planned for South Campbell.

The Entertainment Demand Study was completed after the public engagement which took place in the fall of 2014. The final report will be presented to Council in January 2015.

CULTIVATE A HISTORIC, CREATIVE AND ACTIVE COMMUNITY

A vibrant and involved community with a variety of culture, recreation and heritage opportunities.

RESPOND TO THE NEEDS OF A GROWING COMMUNITY

Grosvenor Outdoor Pool

Opportunities to increase the usage of the Grosvenor outdoor pool were explored and further analysis on the operating and utilization model of the pool will be completed by Q3 2015.The Grosvenor Outdoor Pool Summer Pass was also introduced.

Expansion of recreational facilities

Research was conducted to develop a facility prioritization model for the City to determine time and population triggers to expand recreational facilities. This included projected future needs of public and community service infrastructure, predicted locations, projected population growth and projected development. A report including a draft model will be presented to Council in January 2015.

PARTNER WITH THE ARTS AND HERITAGE FOUNDATION TO ENCOURAGE THE RETENTION AND PRESERVATION OF UNIQUE PHYSICAL HERITAGE ASSETS

Historic Sites Restoration

Work continued on the restoration of the historic Cummingham and Hogan houses at the Heritage Sites. Completion is set for the end of 2015. At Chevigny House, windows have been installed, and preparations are underway to install a new floor. The building will be ready for relocation in spring/summer 2015. Meanwhile, plans also are in the works to expand the Grain Elevator Park.

NURTURE ST. ALBERT'S FUTURE CULTURAL LEADERS, ARTISTS, VOLUNTEERS AND AUDIENCES

Cultural Walk/Wall of Fame

The Cultural Walk/Wall of Fame will be built in 2015 to recognize individuals and groups who have made significant contributions to St. Albert's cultural community. Work on the Founder's walk continues and discussion on incorporating a "Healing Garden" into this project is in consideration.

Amplify Youth Festival

The first annual Amplify Youth Festival took place in October 2014 at the Enjoy Centre and was supported by a number of community businesses and organizations. The festival included a "battle of the bands," open-microphone sessions, dance and concerts. A total of 401 youth attended, with 14 workshops, 40 youth performers, eight community partners, 13 corporate sponsors, 32 volunteers, and high media coverage. Planning has begun for the 2015 event.

ENSURE THAT ALL RESIDENTS ARE ABLE TO ACCESS A BROAD SPECTRUM OF RECREATIONAL ACTIVITIES

Family Day Celebration

About 3,000 people attended a Fire and Ice Festival, organized by the St. Albert Fire Union with financial support from the City. It included eight organized activities, among them hot dog and hot chocolate stations. The City provided financial support. The Heritage Lakes Community Association also hosted a Family Day event with approximately 400 people in attendance.

CULTIVATE A GREEN COMMUNITY

A healthy natural environment for future generations that preserves and promotes enjoyment, conservation and responsible development.

PROTECT AND MAINTAIN THE STURGEON RIVER WATERSHED

Sturgeon River Watershed

The Sturgeon River Watershed Alliance Steering Committee approved the application for a $300,000 Community Partnership Grant to complete an Integrated Natural Areas Assessment and Hydrological and Water Quality Review for the watershed.

In order to reduce the accumulation of sediments in the Sturgeon River, construction of the Children's Bridge grit interceptor was completed in November 2014. The Children's bridge is one of the eight outfalls identified in the Sedimentation and Erosion Control Plan for the Sturgeon River. Two grit interceptors have been completed since 2010. Preliminary design for Outfall #4 Meadowview Lane was initiated. Engineering will be assessing success of program to date and providing an update to Council in 2015.

Remediation Project

The remediation project for the removal of approximately 2,000 cubic meters of salt and contaminated soils at the former public works site was completed at the end of October 2014. Annual groundwater monitoring will continue indefinitely.

STRIVE TO BECOME A LEADER IN ENVIRONMENTAL STEWARDSHIP

Community events

The following community events took place in 2014: Garbage Can Contest, Partners in Park, Clean and Green RiverFest, Arbour Day and City Wide Clean Up. More than 200 participants got involved in the Clean and Green RiverFest. They planted about 300 plants and collected 726 kilograms of garbage.

2014 Arbor Day – Tree Planting

Nine schools also completed spring schoolyard clean-ups in partnership with the City. Ten residents and community groups completed community clean-ups and five schools competed in the "Garbage Can Painting" contest. Arbour Day activities were attended by approximately 530 grade one students who planted approximately 530 trees in Willougby Park. They were taught about trees and birds of prey and played nature games. Six other naturalization plantings added 1,500 trees to various parks in St. Albert. In addition, the City partnered with TD Canada Trust and Tree Canada to host 50 volunteers in planting 181 white spruce trees in the Grey Nuns White Spruce Park.

REDUCE THE RELEASE OF POLLUTANTS INTO THE AIR, LAND AND WATER

Fighting Mosquitoes with Bats

A pilot program to attract bats, as a natural way to reduce mosquitoes, was launched on Public Works Day (May 2, 2014) where bat house structures were constructed by residents. Many residents signed up for the monitoring program offered and staff also placed and monitored bat houses on public property over the summer months.

Whistle cessation

In order to reduce noise pollution within the community, construction was completed on two at-grade railroad crossings, helping to eliminate train whistles. An application to grant funding for the final crossing in St. Albert (Levasseur) has been submitted. In the interim, administration will continue to discuss fencing options with CN Rail.

Noise Attenuation Policy

Administration also worked on the development of a Noise Attenuation Policy and standards for community rail and arterial roads. Background noise monitoring for locations along Ray Gibbon Drive and Villeneuve Road were completed. Results were analyzed and recommendations will be brought forward to Council in February 2015.

Greenhouse Gas Action Plan

Administration worked on the completion of the Greenhouse Gas Action Plan to assist in reducing energy consumption and greenhouse gas emissions for the City, its residents and businesses. The Action Plan focuses on the recommendations related to energy measurement and benchmarking for major City facilities and the development of a policy related to new City facilities in 2014.

Air Quality Monitoring Station

Council approved Salisbury Park as a location for an air quality monitoring station. It was selected after public consultations, including a survey, CityLights, social media, sending letters to residents within 100 metres of any of the three proposed locations, and two open houses.

Administration secured an agreement with Alberta Environment and Sustainable Resource Development for the placement of the air monitoring station at the approved Salisbury location. If the development application permit is approved, the air quality monitoring station is to be constructed in 2015.

CULTIVATE EXCELLENCE IN GOVERNMENT

A responsive, accountable government that delivers value to the community.

STRIVE TO BECOME A LEADER IN ANALYTICS TO ENHANCE DECISION MAKING

Performance Measurement

Research and interviews with leading municipal government organizations were completed to inform the development of a performance measurement model for the organization. The intent of this model is to provide a roadmap to enhance the City's existing strategic and operational planning, performance budgeting, management, evaluation, measurement and reporting process.

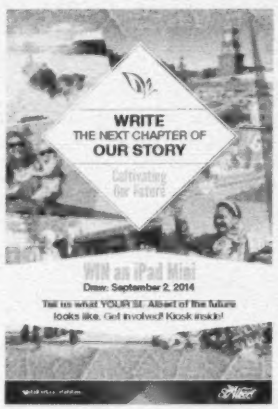
Continuous Improvement Program

The following projects were part of the Continuous Program in 2014:

- *Development Application Process Review* – This project was conducted to review existing development applications process, identify any inefficiencies and create a more user-friendly process. The City's development process, was mapped and benchmarked capital region comparator timelines were captured. A report highlighting results and recommendations will be presented to Council in March 2015.
- *Public Communication, Consultation and Engagement* – This project built upon a related 2013 project in an aim to establish a clear continuum of protocols, expectations and modern techniques to allow for more enhanced public communication, consultation and engagement. Administration explored improved means to engage youth. Research was undertaken around finding a web based program to assist in facilitating more resident "polling" activities as well as some concepts for providing opportunities for topical conversations.
- *Service Levels Benchmarking* – This project is envisioned to take place over a two year period with the purpose of completing an inventory of all external City services and associated service level standards, and benchmarking these to comparable municipalities. A draft inventory of external city services was generated and work to finalize the inventory and benchmark selected services continues. A project update will be presented to Council in March 2015.

ENGAGE THE COMMUNITY TO INCORPORATE RESIDENT INPUT AND IMPROVE DECISION MAKING

Community Sustainability Plan: Cultivating Our Future



A public engagement project entitled, "Cultivating our Future," began in an effort to develop a long term vision for the community. The Community Sustainability Committee, which included two members of Council and five members of the public, worked with City staff to develop and implement the public engagement plan and review input from residents. The Committee drafted a community vision and pillars of sustainability document based on 15,000 comments received from 6,000 residents. Phase 2 of the public engagement started in December 2014 and included an online survey and focus groups to comment on the draft statements. The final report will be presented to Council for approval in June 2015.

Community Satisfaction and Public Opinion Plan

Residents were recruited to provide input into Council's Goals and Priorities. Residents were engaged in discussion in a focus group type format and provided input into each of the strategic outcomes identified by Council. This information was used by Council as a summary of community input into their strategic planning process.

A community Satisfaction Survey was also conducted in 2014 and 400 telephone surveys and 473 online stakeholder web-based surveys were completed. The majority of respondents (84%) were satisfied with City services, facilities and programs. Administration presented the results of the community satisfaction survey to Council in November 2014.

Online Citizen Budget Tool

An Online Citizen Budget Tool was created, providing residents an opportunity to share their views on how their taxes should be spent. It provided a means for them to state whether the budget for each of six key community services should remain the same, increase, or decrease. The budget tool was available online in July and August. The results of this tool were shared with Council and assisted in their budget deliberations in the fall.

New Animal Bylaw

On September 1, the Animal Bylaw came into effect. An online survey was launched and will be in place for one year for community members to provide feedback on designated off-leash sites.

MAINTAIN FISCAL RESPONSIBILITY AND TRANSPARENCY

Utility E-Billing

Residents were offered the opportunity to replace their utility paper bills by utility E-billing in 2014. This service will mitigate losses of billing in the mail, improve operational efficiencies and costs and enhance customer service. At the end of December 2014, a total of 3,423 City accounts were on e-billing and My City. This is an increase from September 2014 of 245, which is 16.5% compared to the 20% target for 2014.

Census Report

A detailed report was developed to inform the community of the results of the 2014 municipal census. The 2014 census report was released to the community on October 16, 2014.

City Website

The new City website benefitted from a series of feature additions and performance enhancements. Twelve separate City websites were combined into one central website. The StATRACKER Online Performance Dashboard was launched in February 2014 as part of the 2013 Continuous Improvement program. The dashboard will be updated quarterly, depending on the availability of the data, as part of the Quarterly Report presentation to Council moving forward.

DEVELOP STRONG WORKING RELATIONSHIPS WITH STURGEON COUNTY AND OTHER REGIONAL PARTNERS

Inter-governmental Co-operation

The Inter-municipal Affairs Committee, composed of the St. Albert's and Sturgeon County's councils, developed and approved a joint Memorandum of Understanding (MOU). The MOU outlines how the two municipalities will work together and sets principles for planning and boundary discussions, specifically regarding lands adjacent to St. Albert's boundary and within Sturgeon County. An official ceremonial signing of the MOU took place in November 2014 in Sturgeon County.

A St. Albert/Sturgeon County Joint Opportunities Task Force (JOTF) was developed to consider matters related to long-term strategic opportunities between the City and County. The JOTF is guided by a set of key principles such as: the pursuit of mutually beneficial solutions; a strong commitment to co-operation and collaboration; and a vision for the continued development of a strong, vibrant, and sustainable sub-region.

CULTIVATE SUSTAINABLE INFRASTRUCTURE AND SERVICES

A growing community that has balanced development and management of civic facilities, transportation networks and related services.

ENCOURAGE INNOVATIVE AND PROGRESSIVE DEVELOPMENT

Smart City Master Plan and Alliance

The Alberta Smart City Alliance was formed in April between the City, CISCO Canada, IBM Canada, NAIT and the University of Alberta to foster collaboration in the province, accelerate Smart City initiatives, foster awareness of Smart City related matters and assist members in their consideration and adaptation of solutions. The Alliance held a large symposium in September 2014, drawing nearly 250 delegates and attracting a considerable number of high-profile speakers. Research and planning continues on the development of the Smart City Master Plan. The City's Smart City Master Plan Steering Committee organized meetings with stakeholders to gather intelligence and input. Detailed committee reviews, public consultations, and strategy development will continue through 2015 with planned completion in early 2016.

MAINTAIN A SAFE AND EFFICIENT TRANSPORTATION NETWORK

Transportation Network

Phase I of the Light Rail Train (LRT) Functional Alignment study for the extension of Edmonton LRT into and through St. Albert was conducted and Council approved a preferred LRT corridor along St. Albert Trail in 2014. Phase II will continue in 2015 with a study of the alignment within the corridor. In addition, a park-and-ride project is in progress to develop park-and-ride locations on surplus provincial Transportation Utility corridor lands in the City of Edmonton. A park-and-ride facility for St. Albert Transit users would increase ridership. Administration is continuing coordination with the City of Edmonton and the Province of Alberta on a lease/sublease arrangement for the land at the chosen site. A response from the Province on land disposition is expected in 2015.

Transit Service Expansion

Handibus services were expanded into Edmonton during peak periods in October 2014.The expansion of transit services to growth areas was approved by Council, with implementation planned for September 2015. Design for service extension/restructure for Erin Ridge North commercial and multifamily areas has been completed.

Downtown parking technical Study/Action Plan

A technical study of downtown parking resources was drafted and public engagement was undertaken to develop a strategy to ensure effective provision and management of downtown parking resources over time. An action plan will be finalized and presented to Council in 2015.

CULTIVATE A SAFE, HEALTHY AND INCLUSIVE COMMUNITY

A community that provides opportunities for everyone to realize their potential in a thinking, caring and connected way.

ENCOURAGE THE DEVELOPMENT OF AN INCLUSIVE COMMUNITY THAT IS AGE FRIENDLY

50+ Club Expansion

The Functional Plan for the 50+ Club Building expansion was completed; designs were shown to the community in an Open House and online survey in October. The majority of participants were in support of the proposed design with 20 comments for suggested improvements received. Completion of the project is planned for July 2016.

Youth Support

The Asset Development Strategy was refocused to develop a community response to meet the needs of youth. A Youth Working Group Strategic Planning exercise took place in December 2014 to identify issues, strategies and priority actions for 2015. A three year strategic action plan for Youth will be presented to Council in January 2015.

An application for provincial grant funding was submitted under the "Family and Community Safety Program" to support the development and implementation of a continuum of services and supports for St. Albert youth.

Provision of social support

A provincial advocacy initiative by Family and Community Support Services Association of Alberta is ongoing, to advocate for the provision of appropriate social supports including funding. The Temporary Residential Services Committee was successful in obtaining grant of $58,000 over three years to conduct research and develop a homeless prevention strategy in St. Albert and Sturgeon County.

Riel Park Redevelopment

The Riel Park landfill remediation and redevelopment plan including the reconstruction of the soccer and rugby fields was completed. The fields were ready for use in August 2014. Monitoring will continue on an ongoing basis.

Mountain Biking Skills Park

The 43R Riel Drive site was approved for a mountain biking skills park. Bylaw application, detailed design, floodplain analysis and a hydrology study are under way.

ENSURE ALL RESIDENTS LIVE IN A SAFE COMMUNITY

Safe Journeys to School

In order to develop a Safe Journey's to School program, the City selected Transafe Consulting Ltd. to provide a comprehensive review of various activities, infrastructure, and measures that address an overall community approach to enhance student travel safety. Transafe Consulting Ltd. conducted public open houses, an online public engagement survey, student questionnaires, stakeholder focus group meetings and engineering reviews at several schools.

Emergency Planning

Progress continues on developing the City's emergency plans. A new staff member was hired to help develop them in 2014.

FOSTER A SENSE OF COMMUNITY AND CONNECTEDNESS

Neighbourhood development

In 2014, 78 block parties and one active community association were registered. A neighbourhood conversation was held with 22 residents in attendance and a Crime Prevention through Environmental Design (CPTED) session was delivered to 7 residents. In addition, the Neighbourhood Network Initiative worked on developing a neighbourhood roadmap to assist residents in getting to know each other. This plan will be published on the City website once it is complete.

Social Master Plan

Progress continued implementing the Social Master Plan, including making an inventory of current programs, resources and initiatives, and obtaining resident and stakeholder feedback. Seniors, Youth and Family met separately to participate in strategic planning exercises to identify issues, strategies and priorities for 2015 and beyond. The Social Master Plan 2015 implementation plan will be updated to reflect this and presented to stakeholders for endorsement/approval. A Social Master Plan 2015 communication plan was developed. Key elements include Social Master Plan education/awareness campaign, community engagement strategies and reporting results. A draft Social Development Policy was presented to Council in September. The Social Master Plan annual report will be presented to Council in early April 2015.

NOTE ON THE ECONOMY

Steeply falling oil prices in late 2014 posed a challenge for continued economic growth in St. Albert in the short term, though many economic indicators remained relatively favourable through the end of the year.

The price of crude oil fell sharply in the second half of 2014, reaching five-year lows of $55 (US) a barrel for West Texas Intermediate (WTI) crude at year-end. Nonetheless, in contrast with oil prices, natural gas prices in Alberta were expected to hold steady at about $3 - $4 per gigajoule for the next few years; double the $2 it hit in 2012. Ongoing steady and relatively low natural gas prices will benefit St. Albert residents and businesses.

Despite the oil price crash, the forecasts for economic growth in the Edmonton region and Alberta as a whole are favourable. Edmonton's GDP growth was about 4.2% in 2013, and the most recent forecast was for 3.5% in 2014-15. This is in line with Alberta's growth rate of 3.7% in 2014 and higher than Canada's as a whole at 3.2% in 2014 and 2.7% in 2013. Among the 10 Canadian provinces, Alberta's growth of 3.7% in 2014 was the third-highest percentage overall in 2014, trailing only Saskatchewan and Newfoundland.

The drop in oil prices will help hold consumer price increases low in the near term. Canada's overall Consumer Price Index is expected to drop slightly in 2015, then rise to about 2.3% in 2016 (2.4% for Alberta).

Although the Canadian/US dollar exchange rate fell to about 85 cents by the end of 2014, resulting in higher prices of U.S.-manufactured goods, it also broadens export markets for Alberta's exports, oil and otherwise. This could lead to new jobs for St. Albert's residents.

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

The City of St. Albert's 2014 Annual Report provides an opportunity for the City to communicate with residents and stakeholders regarding its recent financial performance, including significant financial practices, strategies, and events.

The Annual Report includes the City's consolidated financial statements, prepared by management in accordance with the principles and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). Management has made every effort to ensure the financial statements present a fair accounting of the City's consolidated operating and capital activities for the fiscal year ended December 31, 2014. Included entities are the City, its Utilities, the St. Albert Public Library, and the Arts and Heritage Foundation of St. Albert.

The City's auditor, Deloitte, has audited the financial statements and provided the accompanying Auditor's Report. The financial statements and auditor's report satisfy a legislative reporting requirement as set out by the *Alberta Municipal Government Act*.

This Financial Statement Discussion and Analysis (FSD&A) reports on how the financial resources entrusted to the City are being managed to provide municipal infrastructure, programs, and services. The FSD&A explains the significant differences in the financial statements between the reported year and the previous year as well as between budgeted and actual results. The FSD&A also identifies trends, risks and anticipated events that could have financial implications on the operations of the City.

The FSD&A should be read in conjunction with the audited financial statements and accompanying notes, and responsibility for the preparation of both the financial statements and the FSD&A rests with the City's management. The City's 2014 Consolidated Financial Statements include:

- **Consolidated Statement of Financial Position:** This statement is a summary of financial assets and financial liabilities, net assets(debt), non-financial assets, and accumulated surplus as at December 31st. The statement is used to evaluate the City's ability to finance its activities and to meet its liabilities and commitments.
- **Consolidated Statement of Operations and Accumulated Surplus:** This statement outlines revenues and expenses, in total describing the net change to accumulated surplus for the year.
- **Consolidated Statement of Changes in Net Assets:** This statement reports changes in future revenue requirements. The annual surplus is provided, with reversals for tangible capital asset acquisitions, disposals, amortizations, and sales. The change in net assets (debt) is an indicator of whether revenues raised in the year were sufficient to cover current year spending.
- **Consolidated Statement of Cash Flows:** This statement is a summary of how the City's cash and cash equivalents position changed during the year, highlighting activities related to operating, capital, investing, and financing.

FINANCIAL HIGHLIGHTS

Overall, the City's financial position has continued to improve as at December 31, 2014. This positive result was the product of a number of factors reflected within the financial statements, including:

- The Consolidated Statement of Financial Position reports an increase in accumulated surplus of $41.5 million to $889.3 million at December 31, 2014. Financial assets increased by $23.7 million to $152.4 million while financial liabilities increased by only $7.6 million to $118.8 million, as the City increased infrastructure investment using developer levies, government transfers, reserves and taxes. Non-financial assets increased by $25.3 million to $855.6 million as a result of increased investment in tangible capital assets.
- The Consolidated Statement of Operations and Accumulated Surplus reports a 2014 Annual Surplus of $41.5 million. This was the result of consolidated revenues of $181.6 million and consolidated expenses of $152.1 million. Overall revenue decreased by $11.6 million compared to the prior year results, primarily due to lower government transfers and developer contributions and levies relative to 2013. Property taxes increased by $3.5 million from 2013 to 2014. Overall expenses increased by $7.0 million compared to the prior year results, largely due to an inflationary increase in all expense categories.
- The Consolidated Statement of Cash Flows reports a year-over-year decrease of $15.3 million in the City's cash and cash equivalents position, to $27.7 million. The biggest contributor to this change is a net increase in financial investments compared to the prior year.

SIGNIFICANT VARIANCES OR EVENTS

BUDGET VARIANCES

While the City was able to implement its business plans and budgets essentially as expected, the City's financial statements were affected by some unexpected events during the year. These events resulted in variances, both favourable and unfavourable, in relation to the City's initial operating budget expectations.

Significant unfavourable variances included a decrease in revenue from government transfers ($4.8 million), an increase in transportation and roadway services expenses ($11.6 million), an increase in utility services expenses ($5.0 million) and an increase in recreation and parks expenses ($4.6 million). These were offset by significant favourable variances related to revenue received from developer contributions and levies ($3.1 million) and a decrease in general government services expenses ($4.1 million). The combined variances produced an operating budget surplus of approximately $2.8 million. Of that total, $1.3 million was transferred to the land reserve, $1.0 million was transferred to the Stabilization reserve, less than $0.2 million was transferred to an energy and water capital project, $0.1 million was transferred to the RCMP Constable David Wynne Fund and less than $0.1 million was transferred to STARS. The remainder was transferred to the Parkland reserve.

PRIOR YEAR VARIANCES

The City's Cash and Cash Equivalents position experienced a decrease of $15.3 million in 2014 primarily due to increases in net financial investments. Significant events included:

- A repayment of $3.6 million in long-term debt. This resulted in an improved debt position of $49.3 million from $52.9 million.
- A $25.5 million increase in the value of the City's tangible capital assets, to $854.4 million. These tangible capital assets typically take the form of municipal infrastructure, including civic facilities, roadways, equipment, etc., and are critical to the City's ongoing ability to support overall quality of life in the community.

A $10.0 million increase in the City's reserve balance (i.e., restricted accumulated surplus), to $84.0 million. The City's reserves are held for both operating and capital purposes, and are segmented by entity, type, and intended use, and are required in accordance with detailed future modeling and replacement plans.

FINANCIAL REVIEW

FINANCIAL ASSETS

The Consolidated Statement of Financial Position summarizes the City's financial asset position as at December 31, 2014. The City's financial assets increased in 2014 by $23.7 million to $152.4 million due mainly to an increase in financial investments. The increase in investments is partly offset by a $15.3 million decrease in cash and cash equivalents to a balance of $27.7 million as available cash and cash equivalents were shifted to both short and long term investments.

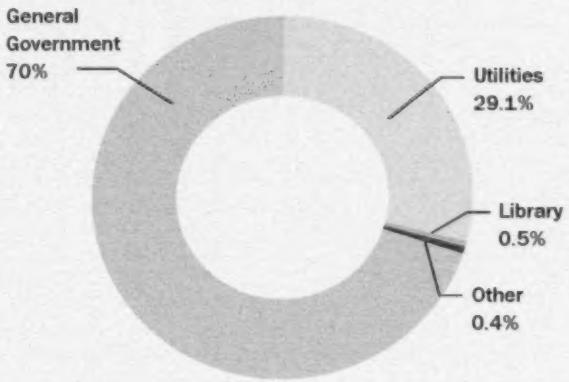
These results reflect the City's continued stable financial asset position, and continued application of its Cash Management and Investment Policies. The City maintains a sufficient amount of resources that could be converted to cash if necessary, as well as assets available to address current and future liabilities or commitments.

The City's accumulated surplus of $889.3 million is the product of the minor general surpluses or deficits in each of the City's entities over the years, plus significant amounts restricted as reserves or invested in tangible capital assets.

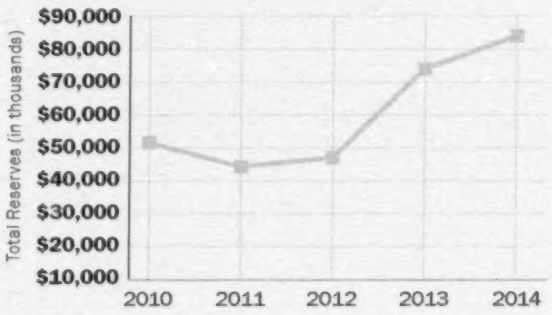
The City's reserve balance increased by $10.0 million over prior year results. Schedule 1 to the consolidated financial statements provides details relating to the $84.0 million reserve balance. Reserves are an important tool used by municipalities to set aside funds to replace existing capital assets, respond to emergent needs, and fund future capital projects. High reserves can contribute to a municipality's fiscal health, but reserve balances may increase for a time and then decrease significantly to address planned capital requirements. Historically, the City of St. Albert has taken a rather conservative approach to reserve accumulation. The City's reserves are held for both operating and capital purposes and are segmented by entity, type, and intended use.

In order to improve the accountability, planning and management of its reserves, the City has established a Reserve Policy C-FS-01. This policy and the related administrative processes support accountability, transparency, clear monitoring and reporting, long-term fiscal planning, and improved cash management by identifying cash flows which will assist in potential longer-term investment opportunities and internal financing capacity. Initial establishments of reserves, as well as transfers to and from reserves, requires the approval of City Council.

2014 Operating and Capital Reserves By Type



Reserve Balance Trend



FINANCIAL LIABILITIES

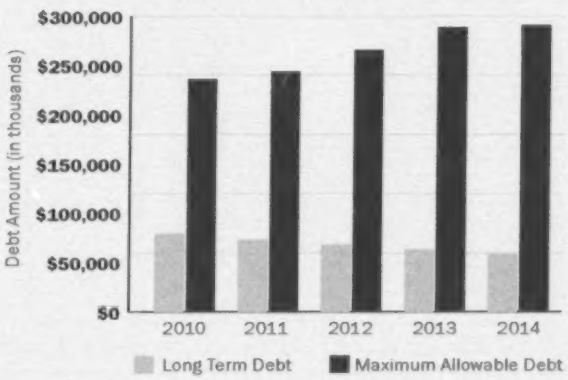
The Consolidated Statement of Financial Position summarizes the City's financial liability position as at December 31, 2014. The City's total financial liabilities of $118.8 million increased by $7.6 million compared to prior year results, primarily due to an increase in deferred revenue.

The City's repayment of $3.6 million in long-term debt improved its debt position to $49.3 million from $52.9 million. Other financial liabilities include accounts payable and accrued liabilities of $16.0 million, which have decreased by $3.6 million from $19.6 million in 2013. Deferred revenue totalling $51.4 million increased by $14.8 million from $36.6 million in 2013. Use of these deferred revenues remains restricted until the timing or conditions associated with the revenue have been satisfied.

The majority of the City's existing long term debt relates to two projects approved in 2004 – the first stages of Ray Gibbon Drive and the construction of Servus Credit Union Place. These two projects alone, due to their significance, resulted in two 20-year external borrowings that increased the City's debt by approximately $22 million and $38 million, respectively. While the debt requirements for the two major projects were significant, the City will remain significantly below debt limits established by the Province of Alberta and the stricter limits the City has established for itself through its Debt Management Policy C-FS-03. As borrowings are retired over the next 14 years the City's debt position will continue to improve.

The City's Debt Management Policy C-FS-03 is used to manage borrowing capacity for future capital assets, maintain maximum flexibility of current operating funds, and limit the impact that debt charges will have on future tax and utility rates through internal limits on borrowing. All borrowing completed by the City has been in the form of debentures through the Alberta Capital Finance Authority. These borrowings leverage the Province of Alberta's strong debt rating and the combined borrowings of other municipalities and education authorities. Interest rates are established at the time of borrowing and remain constant throughout its term, eliminating the risk associated with rate fluctuations. Debt servicing payments are made annually or semi-annually.

Long Term Debt vs. Debt Capacity

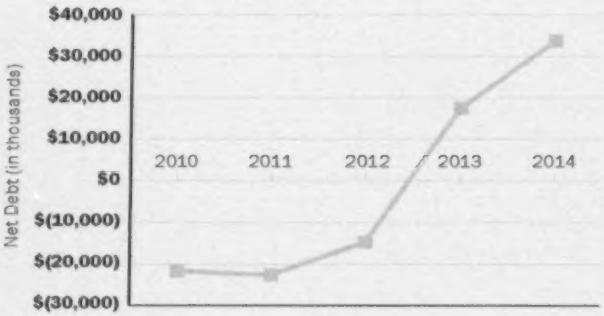


NET FINANCIAL ASSETS (DEBT)

A government's net financial assets (debt) position is a function of its total financial liabilities and its total financial assets. This calculation is a key financial indicator related to the City's financial position as it reflects the relationship between annual surplus, tangible capital asset acquisitions/disposals/ amortizations, and treatment of other inventories or expenses. The Consolidated Statement of Changes in Net Assets summarizes the City's net financial assets (debt) position, which increased by $16.2 million to $33.7 million due to the increase in financial assets being larger than the increase in financial liabilities.

Although debt can serve a useful purpose, a growing net asset position is a positive sign for the City's fiscal health and allows more financial resources to be directed to operations and capital projects as opposed to servicing the interest on borrowings.

Net Debt Position



NON-FINANCIAL ASSETS

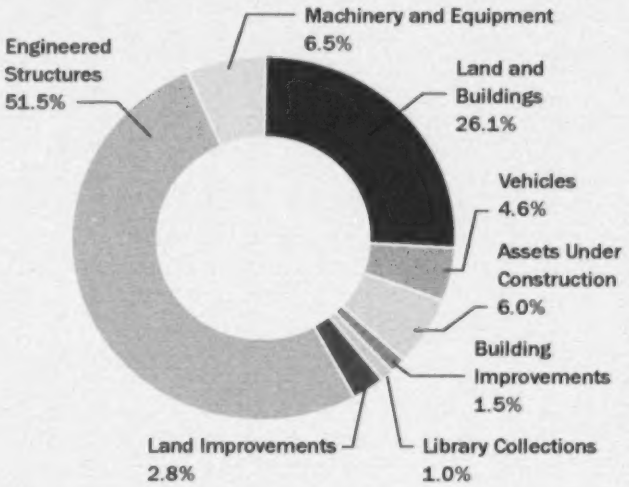
Non-financial assets, summarized on the Consolidated Statement of Financial Position, include tangible capital assets, inventories of materials and supplies, and prepaid expenses. In 2014, the value of the City's non-financial assets increased by $25.3 million to $855.6 million. The majority of this increase related to an increase in tangible capital assets of $25.5 million, to $854.4 million. Tangible capital assets typically take the form of municipal infrastructure, including civic facilities, roadways, equipment, etc. These assets provide significant value to the community, as they directly impact a community's productivity, level of investment, and overall quality of life.

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less estimated salvage value, of the tangible capital assets is amortized on a straight-line basis over the assets' estimated useful lives, ranging from 5 to 75 years. The City will continue to refine and enhance its implementation and ongoing sustainment efforts to maintain compliance with this new standard.

The City's investments in capital infrastructure are in accordance with its approved Capital Budget and 10 Year Capital Plan. City Council approves budgets for each capital project based on the maximum forecast expenditure for the year to accommodate the associated planning and scheduling requirements. There is typically a portion of the year's budget carried forward to future years for projects not completed within the fiscal year, and as a result budgets are not directly comparable with current year actual amounts.

In 2014, capital spending was primarily focused on land and buildings, and engineered structures. Tangible capital asset acquisitions totaled $46.6 million. Disposals totaled $0.4 million net of depreciation and amortization and there were no tangible capital asset write-downs in 2014. The City plans to continue to maintain its commitment to infrastructure maintenance and upgrades over time, as a means to address the elements within its 10 Year Capital Plan.

2014 Tangible Capital Asset Acquisitions



REVENUES

The Consolidated Statement of Operations and Accumulated Surplus summarizes the City's revenues. Consolidated City revenues of $181.6 million were $2.0 million higher than budgeted amounts for 2014, mainly due to higher than expected developer contributions and levies, and sales and user fees. Other revenue sources performed largely as budgeted although government transfers were $4.8 million less than budget at $24.4 million. Overall, some of the City's revenues fluctuate with economic conditions, yet its main sources of revenue (property taxation, sales and user fees, and government transfers) are considered relatively stable.

Property Taxation revenue of $85.2 million was in line with budget estimates. This figure was moderately higher than 2013 ($81.6 million) as a result of a general municipal property tax increase. The City's budgeted residential tax increase for 2014 was 1.18 per cent and property taxation for municipal purposes comprised 46.9 per cent of its total revenues in 2014.

Sales and User Fees of $52.7 million were $2.0 million higher than budget estimates. This figure was higher than 2013 ($49.5 million) as a result of an overall increase that was applied to the majority of user fees charged by the City. The City continues to apply a user pay philosophy in its operations, as per its policy-based fee approach. The City relied on sales and user fees for 29.0 per cent of its total revenues in 2014.

Government Transfers of $24.4 million were $4.8 million less than budgeted. This is primarily related to budgeted grants that were not received during the 2014 period. The City relied on government transfers for 13.4 per cent of its total revenues in 2014.

The City received Contributed Assets of $12.0 million in 2014. The City does not budget for this type of revenue. This figure was significantly lower than 2013 ($38.6 million). These tangible capital assets provide a future economic benefit to the City and include roads, land, sidewalks and street lighting transferred when development projects are completed. Contributed assets are largely dependent on development and the timing of final acceptance certificates issued by the City to developers.

Developer Contributions and Levies of $3.1 million were received in 2014. The City does not budget for this type of revenue. This figure was lower than 2013 ($11.3 million) as fewer levies from completed development projects were taken into income.

Other Revenues of $2.0 million were $1.1 million higher than budget. This figure was also higher than 2013 ($1.0 million).

Fines and Penalties of $4.3 million were $0.1 million lower than budgeted. This figure was higher than 2013 ($3.7 million).

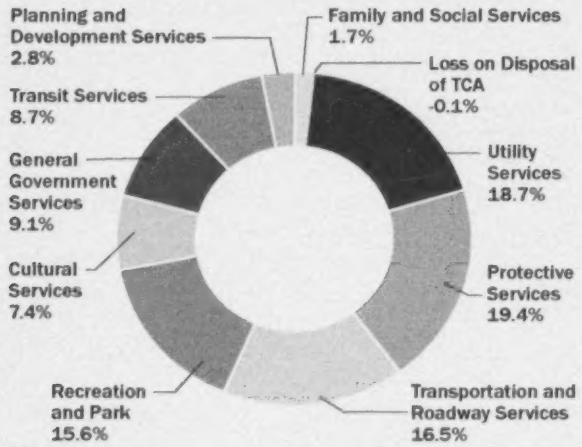
Licences and Permits of $2.9 million were $0.3 million higher than budgeted. There was no appreciable change from 2013. This category is highly sensitive to economic conditions.

Franchise Fees of $1.9 million were slightly higher than budget for 2014 ($1.8 million). This amount was also slightly higher than 2013 ($1.8 million).

Investment Income of $2.2 million was $0.2 million lower than budgeted after paying interest to government transfers in deferred revenue. This figure was higher than 2013 ($1.6 million) as a result of the ongoing benefit of a more diversified portfolio despite the fact the average earned interest rate on the long term bond portfolio was slightly lower than that achieved in 2013.

EXPENSES

2014 Expenses by Function


Planning and Development Services 2.8%
Family and Social Services 1.7%
Loss on Disposal of TCA -0.1%
Transit Services 8.7%
Utility Services 18.7%
General Government Services 9.1%
Cultural Services 7.4%
Protective Services 19.4%
Recreation and Park 15.6%
Transportation and Roadway Services 16.5%

The Consolidated Statement of Operations and Accumulated Surplus summarizes the City's expenses. Consolidated expenses of $152.1 million were $18.6 million higher than budgeted amounts for 2014, mainly as a result of two City practices. First, the City does not budget for amortization costs ($20.7 million). Amortization costs were particularly pronounced in the areas of recreation and parks, utility services, and transportation and roadway services. In addition, the City budgets for debenture interest and the utility administration fee corporately while applying actual expenses to individual program areas. Each of these policies will often lead to budget variances at the end of the year.

Protective Services expenses of $29.6 million were $0.4 million lower than budgeted for 2014 ($30.0 million). This figure was $0.3 million higher than 2013 ($29.3 million).

Recreation and Parks expenses of $23.7 million were $4.6 million higher than budgeted primarily due to unbudgeted amortization costs ($3.4 million) and unbudgeted debenture interest expenses ($1.3 million). This figure was slightly higher than 2013 ($23.5 million).

Utility Services expenses, including water, wastewater, storm water, and solid waste, of $28.5 million were $5.0 million higher than budgeted due to unbudgeted amortization costs ($4.1 million) and expected project expenses delayed from the previous year. This figure was higher than 2013 ($26.3 million) due to an increase in contracted and general services as well as higher costs for the purchase and treatment of water. Utilities are funded through rates but grants have been used to subsidize capital expenditures. In 2014, City Council passed a motion to phase out the use of grants that are not specifically designed to finance utilities. This phase-out will occur over a five year period beginning in 2015. The City does not receive a return on investment or dividend return from its utilities.

Transportation and Roadway Services expenses of $25.1 million were $11.6 million higher than budgeted primarily due to unbudgeted amortization costs (9.1 million), unbudgeted debenture interest expenses ($1.1 million), and an increase in contracted and general services. This figure was higher than 2013 ($23.6 million) due to an increase in amortization expenses and contracted and general services.

General Government Service expenses of $13.9 million were $4.1 million lower than budgeted primarily due to unbudgeted debenture interest expenses ($2.4 million), unbudgeted amortization ($1.0 million) and lower than expected contracted and general services expenses. This figure was higher than 2013 ($12.2 million) due to position vacancies filled in 2014, legislated changes to pension contributions and union settlements.

Transit Services expenses of $13.2 million were $1.8 million higher than budgeted primarily due to unbudgeted amortization costs ($1.6 million). This figure was higher than 2013 ($12.7 million).

Cultural Services expenses of $11.3 million were $0.1 million higher than budgeted primarily because Arts and Heritage costs are not normally budgeted by the City. This figure was $0.4 million higher than 2013 ($10.8 million) as a result of position vacancies in 2013 that were filled late in 2013 and in 2014.

Planning and Development Services expenses of $4.3 million were on budget. This figure was higher than 2013 ($3.8 million) due to higher contracted and general services expenses and a greater demand for the basement suite grant program.

Family and Social Services costs of $2.6 million were $0.1 million lower than budgeted. This figure was slightly lower than 2013 ($2.7 million).

As discussed previously, debt servicing costs of $6.0 million are included in the above results for each functional category. This figure was the same in 2013. Debt servicing costs are expected to decrease as borrowings are retired over the next 14 years.

ANNUAL SURPLUS

During 2014, the City realized an excess of revenue over expenses in the amount of $41.5 million. This amount represents the City's Annual Surplus, which is summarized within the Consolidated Statement of Operations and Accumulated Surplus.

The Annual Surplus positively impacts the City's net asset position, but is reduced by the tangible capital asset activities such as acquisitions ($46.6 million) and amortization costs ($20.7 million). These activities and other acquisitions or consumptions resulted in an overall increase in net assets of $16.2 million.

The City's operating activities also resulted in a modest budget surplus. This budget surplus was the result of an excess in total revenue available for operations relative to total expenses less amortization costs, long-term debt repayments, and transfers. As the Statement of Operations and Accumulated Surplus is based on full accrual accounting and includes amortization expense, revenue from government transfers for capital, and revenue from contributed assets, a reconciliation between the surplus on the Statement of Operations and Accumulated Surplus and the City's operating budget results is required.

CASH FLOWS

The Consolidated Statement of Cash Flows summarizes the City's sources and uses of cash. During 2014, the City's cash and cash equivalents position decreased by $15.3 million to $27.7 million. This decrease was a result of two factors, a lower surplus from operations in 2014 and the decision to reduce cash and cash equivalents and increase both short and long term investments. This demonstrates the application of the City's Cash Management Policy C-FS-04 and Investment Policy C-FS-02 which prescribe how excess cash is invested in a conservative bond portfolio and larger amounts are placed in longer term investments to earn higher yields.

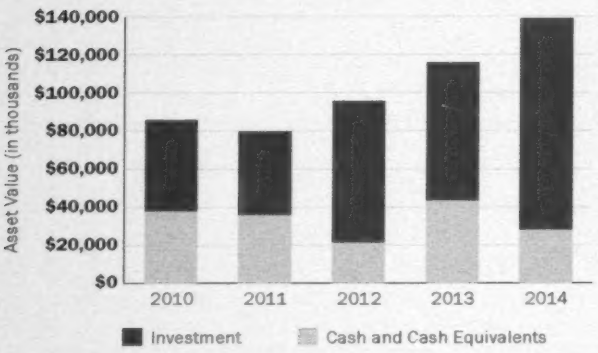
The City's cash position is closely managed and remains adequate, along with short-term investments, to meet ongoing requirements. Management will also continue to conduct analyses to ensure that appropriate levels of working capital are maintained to maximize investment returns, maximize internal borrowing or debt prepayment opportunities, and minimize interest expenses or overdraft charges.

The City's Investment Policy C-FS-02 is used to ensure its investments conform to all provincial statutes and regulations while optimizing investment returns, providing maximum security of principal and meeting the City's daily cash flow requirements. Investments are limited to instruments in which the principal is unconditionally guaranteed, and investment performance is benchmarked against the three month Federal Treasury Bill rate, and the three and seven Year Government of Canada benchmark bond yield. A report on the City's investment portfolio is presented to City Council on a quarterly basis to ensure accountability for the nature and diversification of the portfolio to the investment policy.

In 2014, the City's long-term bond portfolio had effective rates of 2.02 per cent to 4.58 per cent, with maturity dates ranging between 2015 and 2024.

The City's short-term investments had effective rates between 1.76 per cent and 1.93 per cent with maturity dates ranging between three months and one year. Both of these returns compare favourably to the 2014 three month treasury bill average return of 0.91 per cent, the 2014 three year Government of Canada benchmark bond yield of 1.15%, and the seven year Government of Canada benchmark bond yield of 1.79%.

Cash and Cash Equivalents vs. Investments



FINANCIAL CONTROL AND ACCOUNTABILITY

The City maintains a number of processes and financial controls to ensure that accountability is maintained and that management is able to proactively identify and address financial challenges.

FINANCIAL GOVERNANCE

Notwithstanding that the City's management is responsible for the preparation of the FSD&A and financial statements, the City's governance structure requires a review of various quarterly reporting, financial policies, audit findings, significant or unusual financial transactions, and accounting treatments or estimates. City Council has established a Standing Committee on Finance to conduct these reviews, and also to assist Council by making recommendations on these matters. City Council is ultimately responsible for approving the City's budget, appointing the auditor, and providing general financial authority and oversight.

BUDGETING AND FINANCIAL REPORTING

Based on the input from citizens, businesses, and numerous other stakeholders, City Council establishes an annual operating budget each year. This operating budget includes the required revenues to fund the City's delivery of desired programs and services to the community, and represents City Council's priorities as identified in the City's Strategic Plan, Business Plan, and other sources. From year to year, services may be altered when City Council identifies a clear need. Note that the operating budget is also prepared on the modified cash flow basis. Based on this method the City uses tax revenues, reserve transfers and government transfers to balance its operating budget. The operating budget does not include revenue from contributed assets, government transfers for capital, or amortization expense.

The City also prepares an annual capital budget based on the long-term projections of its 10 Year Capital Plan. Budget items for the current year are carefully reviewed on a project basis, and funded through a variety of mechanisms such as tax revenues, reserve transfers or government transfers. As there is typically a portion of the capital budget carried forward for projects not completed within the fiscal year, budgets are not directly comparable with current year actual amounts.

ACCOUNTING PROCESS

The City is organized into various business areas, each responsible for managing the delivery of program services in accordance with the resources allocated to those programs. While all departments share a common accounting and reporting system, financial and accounting services are administered within the Financial Services department and delivered to each business area based on its needs.

INTERNAL CONTROLS

The City utilizes financial policies and procedures to ensure appropriate financial internal controls are in place. Policies and procedures are reviewed annually to comply with the Municipal Government Act (MGA) and the Public Sector Accounting Standards (PSAB). A proactive approach is taken to identify and address financial challenges.

AUDITING PROCESS

The Municipal Government Act requires a municipal council to appoint an independent auditor. In 2011, a tender for audit services was completed and City Council appointed the chartered accounting firm of Deloitte as the external auditor for a three-year term, with the option to extend for a period of up to three additional years, at City Council's discretion. Following a comprehensive audit process and after working closely with management, the auditor must report to City Council's Standing Committee on Finance with the annual consolidated financial statements. Based on the Committee's recommendation, City Council approved the 2014 Consolidated Financial Statements at its meeting on April 13, 2015.

RISKS AND UNCERTAINTIES

The City is committed to an integrated approach to risk management, where it is viewed as a key component of sound business practice and due diligence. Management promotes a proactive, corporate-wide and systematic approach to managing risks that could affect City objectives.

NORMAL OPERATIONAL RISK

In the usual course of business, the City is exposed to various risks that are mitigated through operational and financial controls. These risks include the normal operational risks associated with each of the City's programs and services, as well as social, legal, regulatory, and economic issues or changes that could impact City operations, human resource availability and cost, and investment risk related to volatile financial markets.

Certain financial information is also prepared using estimates and judgments that have been based on careful assessments through the City's management information systems. The City maintains a system of internal controls to provide reasonable assurance as to the fairness and reliability of that information and data. These control systems are regularly reviewed and enhanced as required to ensure the production of timely, accurate and complete financial information to protect and safeguard City assets.

REVENUE VOLATILITY

Certain categories of revenue are exposed to economic or other fluctuations. These include revenues related to development permits, gas franchise fees, interest revenue, user fees/charges, government transfers, etc.

To address the challenge associated with revenue volatility, the City applies conservative budgeting practices, monthly variance forecasting, a long-term investment strategy, a new methodology for franchise fee calculation based on the stable cost of delivery, and various environmental scanning techniques to identify market changes. The City also continues to lobby higher orders of government, either independently or through its municipal associations, for sufficient and reliable transfers.

INFRASTRUCTURE REPLACEMENT

Municipal infrastructure is required to support a community's economy and quality of life. To ensure that sufficient local infrastructure is available, the City applies long-term construction and maintenance plans or strategies. In many cases, the City's identified infrastructure requirements exceed its funding capacity; therefore City Council engages in prioritization and seeks alternative sources of funding, such as borrowing or government transfers. If not addressed, a municipality's infrastructure deficit could result in lost productivity, damage to property, and decreased quality of life.

INSURANCE LOSS

The City maintains an insurance program to cover losses related to its activities, operations, assets and infrastructure. This program has two components: an insurance program purchased through well capitalized external insurers and a self-funded insurance program for all losses falling below policy deductibles. The City's approach to risk management attempts to achieve a balance between risk and total cost.

A claims reserve was established in 2008 to fund the City's self-insured program. The reserve is funded to a confidence level at the 95th percentile of the City's projected losses, as recommended in the November 2011 loss projection analysis report provided by an external consultant. At December 31, 2014, the City's outstanding and fully reserved insurance claims related liabilities were $0.7 million, and its claims self-insurance fund was another $1.3 million.

ENVIRONMENTAL RISK

The City employs environmental management professionals to assist departments in complying with environmental laws and regulations. The City has also adopted policies and procedures to govern the City's approaches, and the organization follows environmental systems which provide a sound model to effectively deal with environmental impacts associated with municipal activities. In addition, insurance policies are in place to handle potential unexpected environmental exposures.

FUTURE OUTLOOK

St. Albert is recognized as a vibrant community enjoying high service levels and an excellent quality of life. To maintain and enhance this quality of life, the City must continue to address challenges related to the community's limited non-residential assessment base, organizational costs required to support programs and services, unpredictable government transfers, and relatively slow development or population growth.

This situation will require a continued focus on fiscal sustainability, which includes efforts to attract non-residential investment, foster innovation throughout the organization, and secure sufficient and reliable government funding to address civic infrastructure and operating requirements. Funding shortfalls have a particularly noticeable impact on the City's 10 Year Capital Plan which articulates the community's capital maintenance and upgrade requirements.

As global and local economic conditions have an impact on City revenues such as licences and permits, sales and user fees, investment income, and government transfers, management must continue to exercise caution in the City's financial management, and continue to monitor economic conditions to ensure that prompt recommendations are made to Council in the event that adjustments to business plans and budgets are required. The City will continue to develop strategies and seek the necessary funding to undertake projects required to maintain the programs, services, and infrastructure that St. Albertans expect.

The delivery of this report, and St. Albert's continued success in capitalizing on fiscal opportunities, are made possible through the continuing efforts of the City's staff. My appreciation is extended to all departments for their ongoing cooperation and assistance.

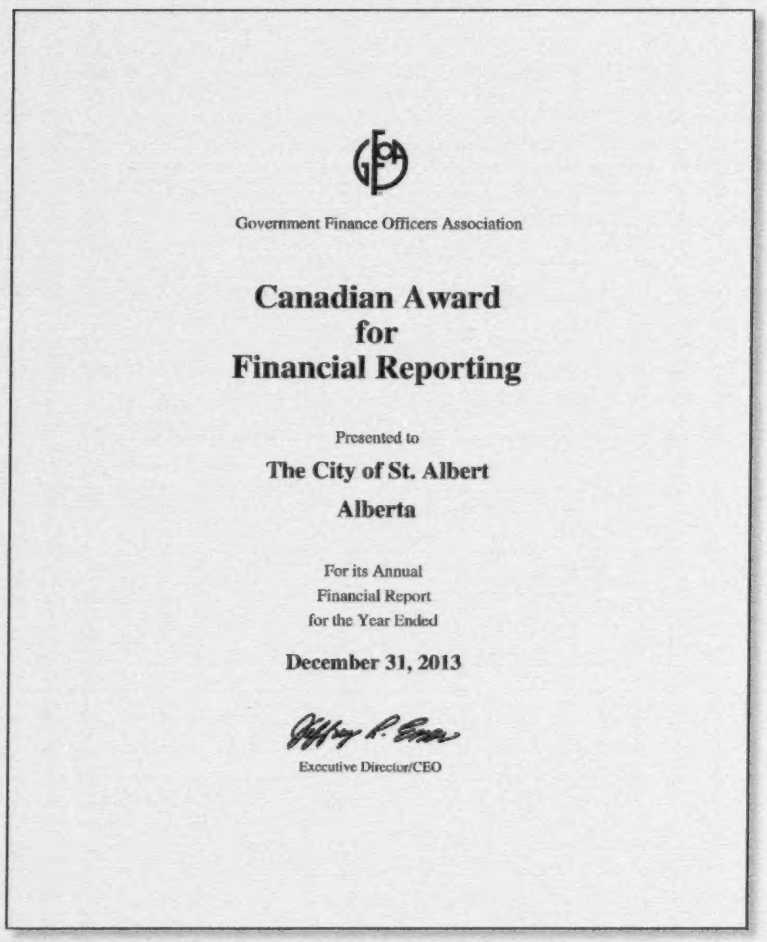
Mike Dion
General Manager & Chief Financial Officer – Finance & Assessment
April 15, 2015

CANADIAN AWARD FOR FINANCIAL REPORTING

For the last 14 years, the City has received a Canadian Award for Financial Reporting for its Annual Financial Reports. This award, presented by the Government Finance Officers Association of the United States and Canada (GFOA), is presented to governments across Canada who publish high-quality financial reports.

In order to qualify, a government must publish an easily readable and efficiently organized annual financial report, the contents of which conform to program standards beyond the minimum requirements prescribed by Canada's Generally Accepted Accounting Principles. Such a report should clearly communicate the municipality's financial condition, enhance an understanding of financial reporting, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. The City of St. Albert believes its current Report continues to conform to the program award requirements and will therefore again forward it to the Government Finance Officers Association for award consideration.


Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

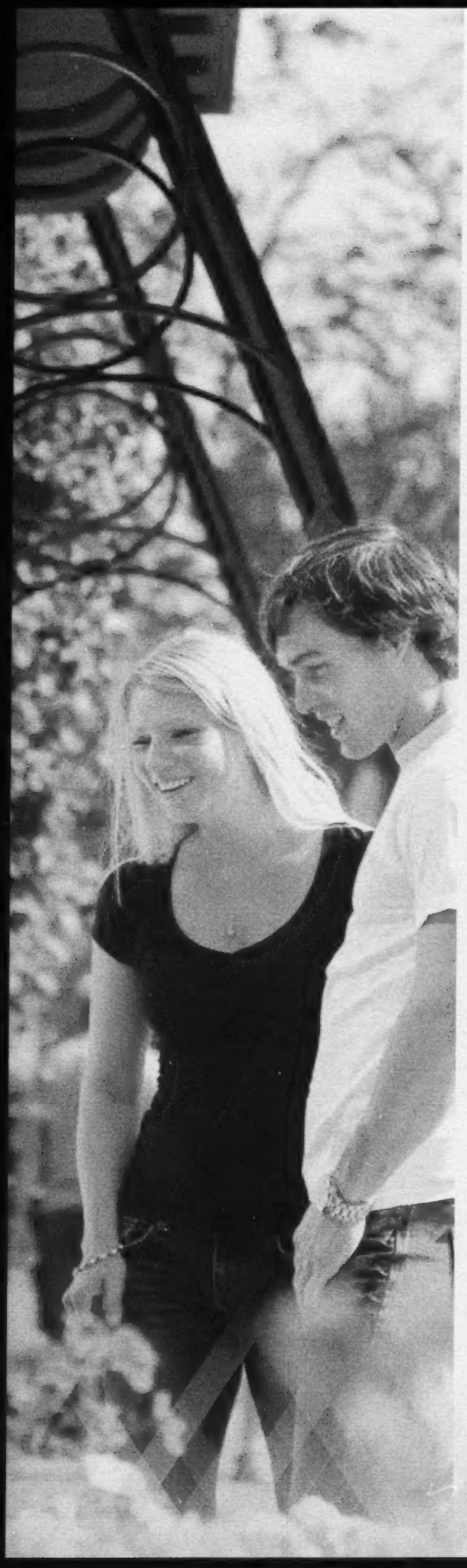
The City of St. Albert

Alberta

For its Annual
Financial Report
for the Year Ended

December 31, 2013

Executive Director/CEO



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Management's Report

To the Mayor and members of Council of the City of St. Albert,

Management is responsible for the integrity, relevance and comparability of the data in the accompanying consolidated financial statements. The consolidated financial statements have been prepared by Management in accordance with Canadian Public Sector Accounting Board standards. The preparation of the consolidated financial statements necessarily includes some amounts which are based on Management's best estimates.

It is City policy to practice the highest standard of ethics. The City also has policies and procedures for internal controls.

Management is committed to maintaining an extensive system of internal controls, providing reasonable assurance that:

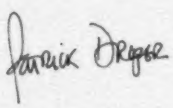
* all transactions are appropriately authorized

* assets are properly accounted for and safeguarded

* all transactions are appropriately recorded, and financial records are reliable for the preparation of financial statements.

Oversight for Management's responsibilities for financial reporting is provided by City Council through the Standing Committee on Finance. There are regular meetings between the Committee, Management and independent auditors to discuss auditing and reporting on financial matters, and to ensure that Management is carrying out its responsibilities with its preparation of the financial statements. The auditors have full and free access to the Committee and Management.

The consolidated financial statements have been audited by the independent firm of Deloitte LLP.



Patrick Draper,

City Manager

Mike Dion, MBA, CMA

General Manager and Chief FInancial Officer

Deloitte

Deloitte LLP
2000 Manulife Place
10180 - 101 Street
Edmonton AB T5J 4E4
Canada

Tel: 780 421 3611
Fax: 780 421 3782
www.deloitte.ca

Independent Auditor's Report

To the Mayor and members of Council of the City of St. Albert

We have audited the accompanying consolidated financial statements of the City of St. Albert, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations and accumulated surplus, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the City of St. Albert as at December 31, 2014, and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Accountants

April 13, 2015

CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2014 (in thousands of dollars)

	2014	2013
Financial Assets		
Cash and Cash Equivalents (Note 2)	$ 27,680	$ 43,015
Accounts Receivable	9,976	9,938
Taxes Receivable	2,900	3,058
Inventories Held for Resale	23	32
Land Held for Resale	614	60
Investments (Note 3)	111,248	72,615
Total Financial Assets	152,441	128,718
Financial Liabilities		
Accounts Payable and Accrued Liabilities	15,993	19,560
Deferred Revenue - Government Transfers (Note 4)	36,485	30,474
Deferred Revenue - Developer Levies (Note 4)	12,217	3,754
Deferred Revenue - Other (Note 4)	2,710	2,400
Deposit Liabilities	1,885	1,928
Long Term Debt (Note 5)	49,270	52,858
Landfill Liability (Note 6)	200	230
Total Financial Liabilities	118,760	111,204
Net Financial Assets (Debt)	33,681	17,514
Non-Financial Assets		
Tangible Capital Assets (Note 7)	854,363	828,880
Inventories of Materials and Supplies	952	892
Prepaid Expenses	305	503
Total Non-Financial Assets	855,620	830,275
Accumulated Surplus (Note 9)	$ 889,301	$ 847,789

Committments and Contingencies (Note 10)

Approved by:

Mayor

City Manager

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
Year Ended December 31, 2014 (in thousands of dollars)

	2014 Budget (Note 15)	2014	2013
Revenue			
Property Taxes (Note 11)	$ 85,099	**$ 85,161**	$ 81,648
Sales and User Fees	50,647	**52,691**	49,465
Government Transfers (Note 12)	29,244	**24,401**	37,365
Other Revenue	996	**2,048**	984
Fines and Penalties	4,455	**4,310**	3,704
Contracted Services Revenue	2,417	**2,933**	2,436
Licenses and Permits	2,550	**2,880**	2,846
Franchise Fees	1,847	**1,943**	1,788
Investment Income	2,354	**2,153**	1,648
Developer Contributions and Levies	-	**3,092**	11,318
Total Revenue	179,609	**181,612**	193,202
Expenses			
Utility Services	23,555	**28,519**	26,320
Protective Services	29,991	**29,586**	29,255
Transportation and Roadway Services	13,435	**25,078**	23,632
Recreation and Parks	19,133	**23,746**	23,500
Cultural Services	11,137	**11,261**	10,828
General Government Services	18,004	**13,924**	12,222
Transit Services	11,454	**13,214**	12,679
Planning and Development Services	4,286	**4,313**	3,750
Family and Social Services	2,571	**2,577**	2,701
(Gain)/Loss on Disposal of Tangible Capital Assets	-	**(101)**	206
Total Expenses	133,566	**152,117**	145,093
Annual Surplus Before Other	46,043	**29,495**	48,109
Other			
Contributed Assets	-	**12,017**	38,580
Annual Surplus	46,043	**41,512**	86,689
Accumulated Surplus, Beginning of Year	847,789	**847,789**	761,100
Accumulated Surplus, End of Year	$ 893,832	**$ 889,301**	$ 847,789

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Year Ended December 31, 2014 (in thousands of dollars)

	2014 Budget (Note 15)	2014	2013
Excess of Revenue over Expenses	$ 46,044	**$ 41,512**	$ 86,689
Acquisition of Tangible Capital Assets	(35,840)	**(34,611)**	(35,965)
Contributed Tangible Capital Assets	-	**(12,017)**	(38,580)
Proceeds on Disposal of Tangible Capital Assets	-	**500**	78
Amortization of Tangible Capital Assets	-	**20,746**	19,873
(Gain) Loss on Disposal of Tangible Capital Assets	-	**(101)**	206
	10,204	**16,029**	32,301
Acquisition of Inventories of Materials and Supplies	-	**(952)**	(892)
Acquisition of Prepaid Expenses	-	**(305)**	(503)
Consumption of Inventories of Materials and Supplies	-	**892**	943
Use of Prepaid Expenses	-	**503**	357
	-	**138**	(95)
Increase in Net Assets	10,204	**16,167**	32,206
Net Financial Assets/(Debt), Beginning of Year	17,514	**17,514**	(14,692)
Net Financial Assets/(Debt), End of Year	$ 27,718	**$ 33,681**	$ 17,514

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF ST. ALBERT
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended December 31, 2014 (in thousands of dollars)

	2014	2013
Cash Provided by (Used in):		
Operating Activities		
Annual Surplus	$ 41,512	$ 86,689
Items Not Involving Cash:		
Amortization	20,746	19,873
Tangible Capital Assets Received as Contributions	(12,017)	(38,580)
(Gain) Loss on Disposal of Tangible Capital Assets	(101)	206
	50,140	68,188
Change in Non-Cash Assets and Liabilities:		
Accounts Receivable	(38)	(583)
Taxes Receivable	158	(694)
Inventories Held for Resale	9	-
Land held for resale	(554)	-
Accounts Payable and Accrued Liabilities	(3,567)	204
Deferred Revenue - Government Transfers	6,011	1,774
Deferred Revenue - Developer Levies	8,463	(8,170)
Deferred Revenue - Other	310	(12)
Deposit Liabilities	(43)	1,053
Landfill Liability	(30)	(1,555)
Inventories of Materials and Supplies	(60)	51
Prepaid Expenses	198	(146)
Cash From Operating Activities	60,997	60,110
Capital Activities		
Acquisition of Tangible Capital Assets	(34,611)	(35,965)
Proceeds on Disposal of Tangible Capital Assets	500	78
Cash applied to Capital Activities	(34,111)	(35,887)
Investing Activities		
Purchase of Investments	(200,558)	(90,845)
Maturity of Investments	161,925	92,424
Cash applied to Investing Activities	(38,633)	1,579
Financing Activities		
Repayment of Long-Term Debt	(3,588)	(3,963)
Cash applied to Financing Activities	(3,588)	(3,963)
(Decrease) Increase in Cash and Cash Equivalents During Year	(15,335)	21,839
Cash and Cash Equivalents, Beginning of Year	43,015	21,176
Cash and Cash Equivalents, End of Year	$ 27,680	$ 43,015

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2014 (in thousands of dollars)

1. Significant Accounting Policies

The consolidated financial statements ("financial statements") of the City of St. Albert (the "City") are the representations of management and have been prepared in accordance with Canadian public sector accounting standards.

Significant accounting policies adopted by the City are as follows:

a. Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The entity is comprised of all organizations, committees and local boards that are owned or controlled by the City and are, therefore, accountable to the Council for the administration of their financial affairs and resources. In addition to the City's municipal government operations, entities include the City of St. Albert Public Library and the Arts & Heritage Foundation of St. Albert. Inter-departmental and inter-organizational transactions and balances between these organizations have been eliminated. Note 11 to the financial statements also includes requisitions for educational and other organizations that are not part of the city.

b. Use of Estimates

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include assumptions used in estimating, historical cost of certain tangible capital assets, useful lives of tangible capital assets, fair value of contributed assets, provisions for accrued liabilities, landfill liability, revenue recognized in the year, deferred revenue, provision for tax exempt appeals, investment impairment, provisions for allowances in receivables and in performing actuarial valuations of employee future benefits.

Actual results could differ from these estimates.

c. Basis of Accounting

The City follows the accrual basis of accounting. Revenue, which is not directly related to any specific program, is reflected in General Municipal Revenue.

i. Revenue

Revenue is accounted for in the period in which it is earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets.

ii. Expenses

Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

1. Significant Accounting Policies (cont'd)

d. Cash and Cash equivalents

Cash and cash equivalents consist of bank deposits and short-term investments with original term to maturity of three months or less.

e. Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

f. Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the straight line basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

g. Inventories Held for Resale

Inventories held for resale consist mainly of concession inventory and are valued at lower of cost and net realizable value.

h. Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for the use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations.

i. Tangible Capital Assets

Tangible capital assets,("TCA"), are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value of the tangible capital assets, excluding land, is amortized on a straight line basis over the estimated useful lives as follows:

Buildings and Building Improvement	5 to 50 years
Land Improvement	10 to 30 years
Library Collections	5 years
Engineered Structures	
Roadway System	15 to 60 years
Water System	35 to 75 years
Wastewater System	35 to 75 years
Storm System	35 to 75 years
Machinery and Equipment	10 to 25 years
Vehicles	10 to 25 years

1. Significant Accounting Policies (cont'd)

h. Non-financial Assets (cont'd)

i. Tangible Capital Assets (cont'd)

One half of annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Cultural and historical assets such as works of art, historical and heritage sites are not recorded as tangible capital assets in these financial statements but are disclosed.

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

ii. Contributions of Tangible Capital Assets

TCA received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iii. Inventories of Materials and Supplies

Inventories of materials and supplies consist mainly of parts and road maintenance materials and are valued at the lower of cost and replacement cost.

i. Tax Revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requistions operate as a flow thorugh and are excluded from municipal revenue.

j. Government Transfers

Government transfers are the transfer of assets from senior level government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

k. Post Employment Benefits

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

1. Significant Accounting Policies (cont'd)

I. Landfill Liability

Pursuant to the Alberta Environmental Protection and Enhancement Act, the City is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The liability for closure and post-closure care has been recognized based on an estimate of future expenses.

M. Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

2. CASH AND CASH EQUIVALENTS

	2014	2013
Cash	$ 22,680	$ 33,015
Cash Equivalents	5,000	10,000
	$ 27,680	$ 43,015

Cash includes balances of $22,127 (2013 - $18,730) having yields ranging from 1% to 1.25% (2013 - 1.20% to 1.35%)

Cash equivalents are comprised of a short term deposit having yield of 1.76% with an original maturity within 3 months.

3. INVESTMENTS

	2014		2013	
	Carrying Value	Market Value	Carrying Value	Market Value
Short Term Notes and Deposits	$ 73,000	$ 73,000	$ 47,000	$ 47,000
Corporate Bonds	38,048	39,304	25,410	25,672
Credit Union Shares	200	200	205	205
	$ 111,248	$ 112,504	$ 72,615	$ 72,877

Short term notes and deposits have effective rates of 1.76% to 1.93% (2013 - 1.65% to 1.87%), are for fixed terms, and have maturity dates ranging between 3 months and one year.

The City's bond portfolio has effective rates of 2.02% to 4.58%, (2013 - 2.35% to 4.58%) with call dates ranging between 2015 and 2024.

4. DEFERRED REVENUE

Pursuant to funding agreements with the Provincial and/or Federal Government, the use of these funds together with any earnings thereon is restricted to eligible expenditures on operating or capital projects as approved by the governments. These funds are recognized as revenue in the period the stipulations are met.

	2013	Net Contributions	Interest Earned	Applied	2014
Deferred Revenue - Government Transfers					
Municipal Sustainability Initiative	$ 16,907	$ 17,668	$ 450	$ (8,441)	$ 26,584
Alberta Municipal Infrastructure Program	3,464	-	63	(1,413)	2,114
New Deal for Cities and Communities	8,556	-	142	(6,011)	2,687
Ray Gibbon Drive Provincial Grant Funding	323	-	-	(302)	21
Basic Capital Grant	930	7,376	77	(3,408)	4,975
Municipal Sustainability Initiative - Affordable Housing	294	22	3	(215)	104
Total Deferred Revenue - Government Transfers	30,474	25,066	735	(19,790)	36,485
Developer Levies					
Transportation Offsite Levy	1,796	5,480	88	(264)	7,100
Water Offsite Levy	1,021	5,368	52	(2,570)	3,871
Sanitary Sewer Levy	603	679	14	(200)	1,096
Stormwater Levy	334	(188)	4	-	150
Total Developer Levies	3,754	11,339	158	(3,034)	12,217
Other Deferred Revenue					
Servus Place	1,088	3,213	-	(3,216)	1,085
Other Miscellaneous - Operating	484	652	-	(554)	582
Arts and Heritage Foundation	64	78	-	-	142
Licensing	162	805	-	(650)	317
Community	24	36	-	(24)	36
Other Miscellaneous - Capital	213	1,049	9	(1,058)	213
Utilities	116	-	-	(5)	111
Performing Arts	155	174	-	(155)	174
Library	94	426	-	(470)	50
Total Other Deferred Revenue	2,400	6,433	9	(6,132)	2,710
Total Deferred Revenue	$ 36,628	$ 42,838	$ 902	$ (28,956)	$ 51,412

5. LONG-TERM DEBT

a. Long-term debt consists of:

	2014	2013
Municipal Tax Supported Debenture	$ 49,270	$ 52,858

Debenture debt has been issued on the credit and general security of the City. Debentures are held by the Alberta Capital Finance Authority. Debenture interest is payable, before Provincial subsidy, at rates ranging from 3.34% to 5.00% per annum. The debentures are payable in annual or semi annual amounts and mature in periods ranging from 2019 to 2028.

The City has an operating line of credit with its bank of $5,000 (2013 - $5,000). This credit facility bears interest at prime minus 0.50% and was not drawn on at December 31, 2014.

The Province of Alberta currently provides an interest subsidy in the form of an interest subsidization grant on eligible debenture issues.

Maximum Interest Rate Payable Period of Debenture Issue	After Provincial Subsidy
January 1, 1974 - March 31, 1980	9.6 %
April 1, 1980 - March 26 - 1981	10.4 %
March 27, 1981 - March 31, 1982	11.6 %

Interest on long term debt amounted to $2,384 (2013 - $2,557) and is recorded in the Statement of Operations and Accumulated Surplus.

The City's total cash payments for interest in 2014 were $2,412 (2013 - $2,602).

b. Long term debt principal and interest amounts due in each of the next five years and thereafter are as follows:

	Principal	Interest	Total
2015	$ 3,755	$ 2,246	$ 6,001
2016	3,929	2,072	6,001
2017	4,111	1,889	6,000
2018	4,302	1,698	6,000
2019	4,502	1,498	6,000
Thereafter	28,671	4,858	33,529
	$ 49,270	$ 14,261	$ 63,531

5. LONG-TERM DEBT (cont'd)

c. Debt Limits

Section 276(2) of the Municipal Government Act requires that debt and debt limits, as defined by Alberta Regulation 255/2000 for the City be disclosed as follows:

	2014	2013
Total Debt Limit	$ 241,996	$ 240,488
Total Debt	49,270	52,858
Amount of Debt Limit Unused	192,726	187,630
Maximum Allowable Debt Servicing Limit	40,333	40,261
Annual Payments of Existing Debt	6,000	6,000
Amount of Debt Servicing Limit Unused	$ 34,333	$ 34,261

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/2000) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the City, rather, the financial statements and other factors must be considered.

6. LANDFILL LIABILITY

Alberta environmental law requires closure and post closure care of landfill sites, which includes final covering and landscaping, plumbing of groundwater and leachates from the sites, and ongoing environmental monitoring, site inspections and maintenance. The City received an Environment Canada order to undertake additional capping and grading measures in 2005 to prevent leaching into the Sturgeon River from its landfill. The City is continuing with its ongoing monitoring program of the former landfill and sewage lagoons in Riel Park including the submission of reports to Environment Canada. The groundwater monitoring of the site has been ongoing since 1999 and the program was expanded in June 2004 in consultation with the regulators. A Site Management Alternative report was completed in December 2005 and the City met with the regulators to discuss the alternatives and the recommended action plan. The action plan includes objectives that will maintain the integrity of the containment berms, minimize the generation of leachate and continued monitoring of the groundwater.

The landfill was permanently closed in 1986.

The City's estimated total liability is based on the sum of discounted future cash flows for post closure activities from 2009 to 2014 using a discount rate of 2.31% (2013 - 2.76%) based on the Alberta Capital Finance Authority 10 year rate stated at December 15, 2014.

6. LANDFILL LIABILITY (cont'd)

	2014	2013
Estimated Closure Costs	$ 200	$ 230
	$ 200	$ 230

During the year, the City incurred costs of $30 (2013 - $1,555) related to the landfill closure and post closure liability. Accretion expense recorded in 2014 was $0 (2013 - $0)

In December 2014 the City obtained a revised cost estimate which is primarily related to ongoing environmental monitoring. The landfill liability has been revised to reflect the new estimate.

7. TANGIBLE CAPITAL ASSETS

	2014									
	Building Improvement	Library Collections	Land Improvement	Engineered Structures	Buildings	Machinery and Equipment	Land	Vehicles	Assets Under Construction	Total
Cost										
Balance Beginning of Year	$ 6,715	$ 2,207	$ 46,665	$ 511,341	$ 130,422	$ 28,051	$ 372,827	$ 36,201	$ 36,973	$ 1,171,402
Acquisitions	699	445	1,297	24,034	269	3,049	11,882	2,160	2,793	46,628
Disposals	-	(427)	-	-	-	(9,641)	(35)	(1,153)	(65)	(11,321)
Balance End of Year	7,414	2,225	47,962	535,375	130,691	21,459	384,674	37,208	39,701	1,206,709
Accumulated Amortization										
Balance Beginning of Year	657	1,061	20,902	234,037	54,714	17,833	-	13,318	-	342,522
Amortization expense	189	444	1,917	11,493	2,675	1,896	-	2,132	-	20,746
Disposals	-	(425)	-	-	-	(9,489)	-	(1,008)	-	(10,922)
Balance End of Year	846	1,080	22,819	245,530	57,389	10,240	-	14,442	-	352,346
Net Book Value End of Year	$ 6,568	$ 1,145	$ 25,143	$ 289,845	$ 73,302	$ 11,219	$ 384,674	$ 22,766	$ 39,701	$ 854,363

CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2014 (in thousands of dollars)

7. TANGIBLE CAPITAL ASSETS (cont'd)

2013

	Building Improvement	Library Collections	Land Improvement	Engineered Structures	Buildings	Machinery and Equipment	Land	Vehicles	Assets Under Construction	Total
Cost										
Balance Beginning of Year	$ 5,175	$ 2,087	$ 45,481	$ 490,641	$ 132,409	$ 26,837	$ 343,574	$ 35,777	$ 16,708	$ 1,098,689
Acquisitions/Transfers	1,540	509	1,184	20,700	(1,987)	1,881	29,253	1,200	20,265	74,545
Disposals	-	(389)	-	-	-	(667)	-	(776)	-	(1,832)
Balance End of Year	6,715	2,207	46,665	511,341	130,422	28,051	372,827	36,201	36,973	1,171,402
Accumulated Amortization										
Balance Beginning of Year	496	1,020	19,021	223,075	52,042	16,647	-	11,896	-	324,197
Amortization expense	161	430	1,881	10,962	2,672	1,717	-	2,050	-	19,873
Disposals	-	(389)	-	-	-	(531)	-	(628)	-	(1,548)
Balance End of Year	657	1,061	20,902	234,037	54,714	17,833	-	13,318	-	342,522
Net Book Value End of Year	$ 6,058	$ 1,146	$ 25,763	$ 277,304	$ 75,708	$ 10,218	$ 372,827	$ 22,883	$ 36,973	$ 828,880

7. TANGIBLE CAPITAL ASSETS (cont'd)

a. Assets Under Construction

Assets under construction have a cost of $39,701 (2013 - $36,973) and are amortized when the assets are put into service.

b. Contributed Tangible Capital Assets

Contributed capital assets have been recognized at fair value at the date of contribution. The fair value of contributed assets received during the year is $12,017 (2013 - $38,580). This amount is comprised of roads infrastructure in the amount of $5,786 (2013 - $10,543), water, storm and wastewater infrastructure in the amount of $3,174 (2013 - $4,663), and land improvement (contributed land per the agreement) in the amount of $3,057 (2013 - $23,374).

c. Works of Art and Historical Treasures

The City manages and controls various works of art and non operational historical cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets.

8. EQUITY IN TANGIBLE CAPITAL ASSETS

	2014	2013
Tangible Capital Assets (Note 7)	$ 1,206,709	$ 1,171,402
Accumulated Amortization (Note 7)	(352,346)	(342,522)
Long Term Debt (Note 5)	(49,270)	(52,858)
	$ 805,093	$ 776,022

9. ACCUMULATED SURPLUS

Accumulated surplus consists of unrestricted and restricted amounts and invested in tangible capital assets as follows:

	2014	2013
Unrestricted Surplus (Deficit)	$ 221	$ (2,182)
Restricted Surplus - Reserves (Schedule 1)	83,987	73,949
Equity in Tangible Capital Assets	805,093	776,022
Total Accumulated Surplus	$ 889,301	$ 847,789

10. COMMITMENTS AND CONTINGENCIES

a. Annexation

On February 14, 2007 the Lieutenant Governor in Council approved the request of the City of St. Albert to annex land from Sturgeon County ("County"). Effective January 1, 2007 the City's boundaries were extended to include all of the land that St. Albert had requested. The City is obligated to pay the County $800 at a rate of $80 per year starting in 2009 and ending 2018. In addition, the City will pay tax sharing amounts to the County until 2013. In 2014, the City paid $0 (2013 - $203) to Sturgeon County under this tax sharing agreement.

As of April 1, 2007 the City is responsible for the roadway maintenance and municipal services within the annexed area. The annexation brings within the boundaries of St. Albert the proposed alignment of the Ray Gibbon Drive.

b. Legal Claims

As at December 31, 2014, the City was involved in various legal disputes. While it is not possible to estimate the outcome of these disputes, management believes that there will be no adverse effect on the City's financial position.

c. Lease Commitments

The City has entered into several operating lease agreements for space rental. Lease commitments over the next five years and thereafter are as follows:

2015	$ 381
2016	263
2017	188
2018	200
2019	200
Thereafter	717
	$ 1,949

11. PROPERTY TAXES

Property taxes revenue, reported on the Consolidated Statement of Operations and Accumulated Surplus, is comprised of the following:

	2014 Budget (Note 15)	2014	2013
Taxation			
Real Property Taxes	$ 112,600	**$ 111,529**	$ 107,877
Linear Property Taxes	1,059	**1,110**	1,059
Government Grants in place of property tax	-	**1,082**	1,032
Total Taxation	113,659	**113,721**	109,968
Requisitions			
Alberta School Foundation Fund	20,404	**20,404**	27,082
Opted Out School Board	7,069	**7,069**	-
Sturgeon Foundation Requistion	1,007	**1,007**	947
Other	80	**80**	291
Total Requisitions	28,560	**28,560**	28,320
Property Taxes Available for Municipal Purposes	$ 85,099	**$ 85,161**	$ 81,648

12. GOVERNMENT TRANSFERS

The City recognizes the transfer of government funding after the transfer has been authorized, and the expenses or revenues in the period that the events giving rise to the transfer occurred. The government transfers reported on the Consolidated Statement of Operations and Accumulated Surplus are:

	2014 Budget (Note 15)	2014	2013
Government Transfers for Operations			
Provincial Transfers	$ 3,793	**$ 3,853**	$ 4,289
Federal Transfers	-	**203**	198
Total Operating Transfers	3,793	**4,056**	4,487
Government Transfers for Capital			
Provincial Transfers	25,451	**13,952**	29,143
Federal Transfers	-	**6,393**	3,735
Total Capital Transfers	25,451	**20,345**	32,878
Total Government Transfers	$ 29,244	**$ 24,401**	$ 37,365

13. SALARIES AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for elected municipal officials, the chief administrative officer, and the designated officer is required by Alberta Regulation 313/2000. This information is not presented in thousands of dollars.

	Salaries (a)	Benefits and Allowances (b)	2014	2013
Mayor N. Crouse	$ 134,092	$ 7,673	**$ 141,765**	$ 134,758
Councillor W. Brodhead	40,807	5,173	**45,980**	40,533
Councillor C. Heron	43,062	2,017	**45,079**	39,599
Councillor C. MacKay	37,107	3,634	**40,741**	38,487
Councillor S. Hughes(II)	36,807	5,123	**41,930**	6,673
Councillor T. Osborne(II)	40,307	5,584	**45,891**	6,909
Councillor G. Prefontaine(II)	39,007	1,577	**40,584**	6,600
Chief Administrative Officer	260,574	41,651	**302,225**	293,474
Designated Officer	134,503	36,513	**171,016**	165,345
Councillor L. Bracko(I)	-	-	-	32,432
Councillor R. Lemieux(I)	-	-	-	32,016
Councillor M. Parker(I)	-	-	-	32,533

(I) Council Term completed October 2013
(II) Council Term started October 2013

a. Salaries

Salaries (a) above includes amounts received from an independent organization by the Mayor and Councillors when acting in their capacity. As such, these amounts were not paid by the city and are therefore excluded as expenses in the city's financial statements.

b. Benefits and Allowances

Benefit and allowances include any allowances, travel, or incidentals as well as the City's share of all employee benefits and contributions or payments made on behalf of employees including retirement pension, Canada Pension Plan, Employment Insurance, WCB, health care, dental coverage, vision coverage, group life insurance, accidental death and dismemberment insurance, long and short term disability plans, professional memberships, and car allowances.

14. PENSION PLANS

a. Local Authorities Pension Plan

Approximately 615 (2013 – 589) employees of the City participate in the Local Authorities Pension Plan ("LAPP"), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The plan is financed by employer and employee contributions and investment earnings of the LAPP Fund. The City is required to make current service contributions to the LAPP of 11.39% (2013 - 10.43%) of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 15.84% (2013 - 14.47%) on pensionable earnings above this amount. Employees of the City are required to make current service contributions of 10.39% (2013 - 9.43%) of pensionable salary up to the year's maximum pensionable salary and 14.84% (2013 – 13.47%) on pensionable salary above this amount.

Total contributions by the City to the LAPP in 2014 were $5,817 (2013 - $5,117). Total contributions by the employees of the City of St. Albert to the Local Authorities Pension Plan in 2014 were $5,388 (2013 - $4,684). At December 31, 2013, the plan reported the value of its assets at $26.6 billion (2012 - $22.9 billion) and disclosed an actuarial deficiency of $4.86 billion (2012 – $4.98 billion). Plan asset and actuarial deficiency data as at December 31, 2014 were not yet available.

b. APEX

The APEX supplementary pension plan, an Alberta Urban Municipalities Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2004. This plan provides supplementary pension benefits to a prescribed class of employees (19 (2013 - 21) beneficiaries). The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the City. The employees and the City are required to make current service contributions to APEX of 2.50% and 3.00%, respectively, of pensionable earnings up to $139 (2013 - $135).Total current service contributions by the City to APEX in **2014** were $79 (2013 - $86). Total current service contributions by the employees of the City were $66 (2013 - $72).

The cost of post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service, management's best estimate of salary and benefit escalation, and retirement ages of employees. The cost of post retirement benefits are fully funded.

As at December 31, 2014 the APEX supplementary pension plan has vested with approximately 86% of eligible employees. The City has disclosed contributions to the APEX plan.

c. MuniSERP

The MuniSERP supplementary overcap retirement plan extend LAPP, and APEX pension benefit levels beyond the Canada Revenue Agency maximum. The plan commenced on January 1, 2003, and provides supplementary benefits to a prescribed class of employees (13 (2013 - 15) beneficiaries). MuniSERP supplements APEX and LAPP and is a voluntary, non-contributory, non registered supplementary employee retirement plan. The cost of post retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service, management's best estimate of salary and benefit escalation, and retirement ages of employees. At January 1, 2014, an actuarial valuation has been completed along with corresponding disclosure of designated assets.

14. PENSION PLANS (cont'd)

The following presents the MuniSERP obligation as at December 31, 2014:

	2014	2013
Accrued Benefit Obligation		
Balance, Beginning of Year	$ 191	$ 202
Current Service Cost and Interest Cost	91	(11)
Balance at End of Year	$ 282	$ 191

There are no defined benefit plan assets.

The significant actuarial assumptions in measuring the City's accrued benefit obligation are as follows:

	2014	2013
Discount Rate	5.00 %	5.00 %
Rate of Compensation Increase	4.00 %	4.00 %

15. BUDGET FIGURES

Budgets established for capital acquisitions and related financing are calculated on a project oriented basis. As these transactions may be carried out over one or more years, they are not directly comparable with current year actual amounts.

The table below reconciles the consolidated annual surplus to the City's operating surplus based on the methods used in preparing its fiscal plan.

	2014 Budget	2014	2013
Consolidated Annual Surplus	$ 46,043	$ 41,512	$ 86,689
Internal Transfers (net operating and capital)	(6,615)	(11,941)	(28,258)
Contributed Assets	-	(12,017)	(38,580)
Repayment of Long Term Debt	(3,588)	(3,588)	(3,963)
Loss (Gain) on Sale of Tangible Capital Assets	-	(101)	206
Amortization	-	20,746	19,873
Capital Costs	(35,840)	(34,611)	(35,965)
Operating Surplus	$ -	$ -	$ 2

The budget data presented in these consolidated financial statements is based upon the 2014 operating and capital budgets approved by Council. Amortization, contributed assets and gain/loss of tangible capital assets were not contemplated in development of the budget and, as such, have not been included.

16. SEGMENTED INFORMATION

Segmented information has been identified based upon lines of service provided by the City. City services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

a. General Services

The City's general services include its corporate functions, such as finance, information technology, human resources, taxation and assessment, legislative operations, and common and fiscal services.

b. Protective Services

The City contracts with the Royal Canadian Mounted Police for police protection, and holds a contract through Alberta Health Services to provide emergency medical services within the community. The City also operates a municipal fire department and provides bylaw enforcement services.

c. Recreation and Parks

The City owns large park systems such as the Red Willow Park and numerous community and neighbourhood parks or playgrounds. The City also provides a variety of recreational programs and services to residents on a year round basis.

d. Utility Operations

Four utilities – water, wastewater, storm, and solid waste/recycling – are administered directly by the City. While these utilities are funded independently from municipal operations as per the City's 100 Year Utility Rate Model, financial results are included with the City.

e. Roadway Services

The City provides a number of maintenance and related services for streets, sidewalks, lighting, and equipment pool. Costs related to summer and winter road maintenance are also captured here. Roadway services provides service to other segments of the organization on a cost recovery basis, this is reflected in other expense recoveries.

f. Transit Services

St. Albert Transit is a municipally owned and operated transit service offering local and commuter routes for riders. St. Albert Transit operates on a subsidized fee for service basis.

g. Cultural Services

St. Albert has cultural programs, services, and events. The City of St. Albert Library and Arts & Heritage Foundation are included in Cultural Services on the Statement of Operations and Accumulated Surplus.

16. SEGMENTED INFORMATION (cont'd)

h. Planning Services

To ensure that the community is well planned and attractive for investment, the City is active in the area of land use planning, engineering, and economic development.

i. Social Services

Social services include those provided by the City's Family and Community Support Services department, in addition to costs related to the St. Albert Cemetery and other community supports.

j. St. Albert Public Library

The St. Albert Public Library was established in 1961 by St. Albert's Town Council under the provisions of the Provincial Libraries Act. The Library is governed by a separate Board, and provides programs and service to the residents of St. Albert and surrounding areas.

k. Arts and Heritage Foundation

St. Albert's Arts and Heritage Foundation ("AHF") manages the Profiles Public Art Gallery, the Museé Héritage Museum, and various other local heritage sites. The AHF also offers programs and exhibitions and ensures that historic buildings and significant artifacts are preserved.

16. SEGMENTED INFORMATION (cont'd)

The following tables report the financial operations for each of the above mentioned segments.

December 31, 2014	General Government Services	Protective Services	Recreation and Parks	Utility Services (Schedule 2)	Transportation & Roadway Services	Transit Services	Culture: Museums & Halls	Planning and Development Services	Family and Social Services	St. Albert Public Library	Arts and Heritage	Total 2014
Revenue												
Property Taxes	$ 85,161	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 85,161
Sales and User Fees	265	1,250	10,774	32,194	956	4,150	1,266	999	210	349	278	52,691
Government Transfers	514	1,336	811	7,187	10,315	1,779	313	416	1,201	352	177	24,401
Other Revenue	1,089	28	491	-	90	14	86	14	30	54	152	2,048
Fines and Penalties	806	3,390	-	114	-	-	-	-	-	-	-	4,310
Contracted Services Revenue	-	2,932	-	-	1	-	-	-	-	-	-	2,933
Licenses and Permits	766	351	-	-	19	-	-	1,744	-	-	-	2,880
Franchise Fees	1,943	-	-	-	-	-	-	-	-	-	-	1,943
Investment Income	1,214	13	116	460	209	117	13	2	-	9	-	2,153
Developer Contributions and Levies	-	-	24	2,803	265	-	-	-	-	-	-	3,092
Total Revenue	91,758	9,300	12,216	42,758	11,855	6,060	1,678	3,175	1,441	764	607	181,612
Expenses												
Salaries, Wages and Benefits	11,918	18,155	12,446	4,369	8,316	2,210	2,803	3,222	1,249	3,134	1,418	69,240
Contracted and General Services	420	1,569	1,835	8,668	4,774	7,128	884	531	81	285	212	26,387
Amortization	1,050	817	3,383	4,114	9,121	1,584	67	37	-	555	18	20,746
Purchases from Other Governments	-	7,383	-	9,721	-	-	-	-	-	-	-	17,104
Materials, Good and Utilities	334	851	3,495	909	4,435	2,270	726	62	72	463	345	13,962
Transfers to Indiviuals & Organizations	57	15	-	-	14	-	1,638	373	1,162	-	(1,399)	1,860
Interest on Long Term Debt	-	-	1,275	-	1,109	-	-	-	-	-	-	2,384
Other Expenses (Recovery)	146	797	1,311	737	(2,691)	22	96	88	12	5	12	535
(Gain)/Loss on Disposal of Tangible Capital Assets	(3)	(1)	(59)	65	(237)	136	-	(2)	-	-	-	(101)
Total Expenses	13,922	29,586	23,686	28,583	24,841	13,350	6,214	4,311	2,576	4,442	606	152,117
Excess (Deficiency) of Revenue over Expenses before Other	77,836	(20,286)	(11,470)	14,175	(12,986)	(7,290)	(4,536)	(1,136)	(1,135)	(3,678)	1	29,495
Other												
Contributed Assets	-	-	-	3,174	5,786	-	-	3,057	-	-	-	12,017
Excess (Deficiency) of Revenue over Expenses	$ 77,836	$ (20,286)	$ (11,470)	$ 17,349	$ (7,200)	$ (7,290)	$ (4,536)	$ 1,921	$ (1,135)	$ (3,678)	$ 1	$ 41,512

CITY OF ST. ALBERT
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year Ended December 31, 2014 (In thousands of dollars)

16. SEGMENTED INFORMATION (cont'd)

December 31, 2013	General Government Services	Protective Services	Recreation and Parks	Utility Services (Schedule 2)	Transportation and Roadway Services	Transit Services	Culture: Museums & Halls	Planning and Development Services	Family and Social Services	St. Albert Public Library	Arts and Heritage	Total 2013
Revenue												
Property Taxes	$ 81,648	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 81,648
Sales and User Fees	304	1,188	10,475	30,000	252	4,357	1,207	859	240	322	261	49,465
Government Transfers	891	2,798	188	6,378	24,869	175	196	79	1,218	349	224	37,365
Other Revenue	81	16	482	-	2	20	239	-	3	58	83	984
Fines and Penalties	831	2,761	-	112	-	-	-	-	-	-	-	3,704
Contracted Services Revenue	-	2,436	-	-	-	-	-	-	-	-	-	2,436
Licenses and Permits	722	326	-	-	19	-	-	1,779	-	-	-	2,846
Franchise Fees	1,788	-	-	-	-	-	-	-	-	-	-	1,788
Investment Income	833	10	102	396	225	59	11	2	-	10	-	1,648
Developer Contributions and Levies	-	-	68	4,448	6,802	-	-	-	-	-	-	11,318
Total Revenue	87,098	9,535	11,315	41,334	32,169	4,611	1,653	2,719	1,461	739	568	193,202
Expenses												
Salaries, Wages and Benefits	10,586	17,178	12,033	4,170	8,264	2,082	2,694	3,110	1,217	2,933	1,356	65,623
Contracted and General Services	111	1,868	1,921	7,616	3,579	6,989	854	373	99	236	189	23,835
Amortization	955	821	3,399	4,012	8,552	1,514	63	17	-	520	19	19,872
Purchases from Other Governments	-	7,725	-	8,875	-	-	-	-	-	-	-	16,600
Materials, Good and Utilities	349	927	3,547	993	4,502	2,073	699	57	103	353	307	13,910
Transfers to Indiviuals & Organizations	66	-	18	-	31	-	1,825	116	1,274	10	(1,402)	1,938
Interest on Long Term Debt	-	-	1,359	-	1,198	-	-	-	-	-	-	2,557
Other Expenses (Recovery)	155	735	1,224	853	(2,494)	22	92	76	7	-	82	552
(Gain)/Loss on Disposal of Tangible Capital Assets	-	39	129	(20)	(35)	95	-	(2)	-	-	-	206
Total Expenses	12,222	29,293	23,630	26,299	23,597	12,775	6,227	3,747	2,700	4,052	551	145,093
Excess (Deficiency) of Revenue over Expenses before Other	74,876	(19,758)	(12,315)	15,035	8,572	(8,164)	(4,574)	(1,028)	(1,239)	(3,313)	17	48,109
Other												
Contributed Assets	-	-	-	4,663	10,448	-	95	23,374	-	-	-	38,580
Excess (Deficiency) of Revenue over Expenses	$ 74,876	$ (19,758)	$ (12,315)	$ 19,698	$ 19,020	$ (8,164)	$ (4,479)	$ 22,346	$ (1,239)	$ (3,313)	$ 17	$ 86,689

17. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.

CITY OF ST. ALBERT

Year Ended December 31, 2014

SCHEDULE 1 - SCHEDULE OF RESTRICTED SURPLUS RESERVES

	2013	Transfers	Reductions	2014
Operating Reserves				
General Government	$ 7,419	$ 7,582	$ (3,392)	**$ 11,609**
Children's Festival	199	-	(76)	**123**
Museum	91	9	-	**100**
Library	57	-	-	**57**
Subtotal	7,766	7,591	(3,468)	**11,889**
Art & Heritage Foundation	27	16	(6)	**37**
Total Operating Reserves	7,793	7,607	(3,474)	**11,926**
Capital Reserves				
General Government	47,104	18,550	(18,476)	**47,178**
Library	450	106	(132)	**424**
Subtotal	47,554	18,656	(18,608)	**47,602**
Utilities	18,602	8,754	(2,897)	**24,459**
Total Capital Reserves	66,156	27,410	(21,505)	**72,061**
Total Restricted Surplus Reserves	$ 73,949	$ 35,017	$ (24,979)	**$ 83,987**

The accompanying notes are an integral part of these consolidated financial statements.

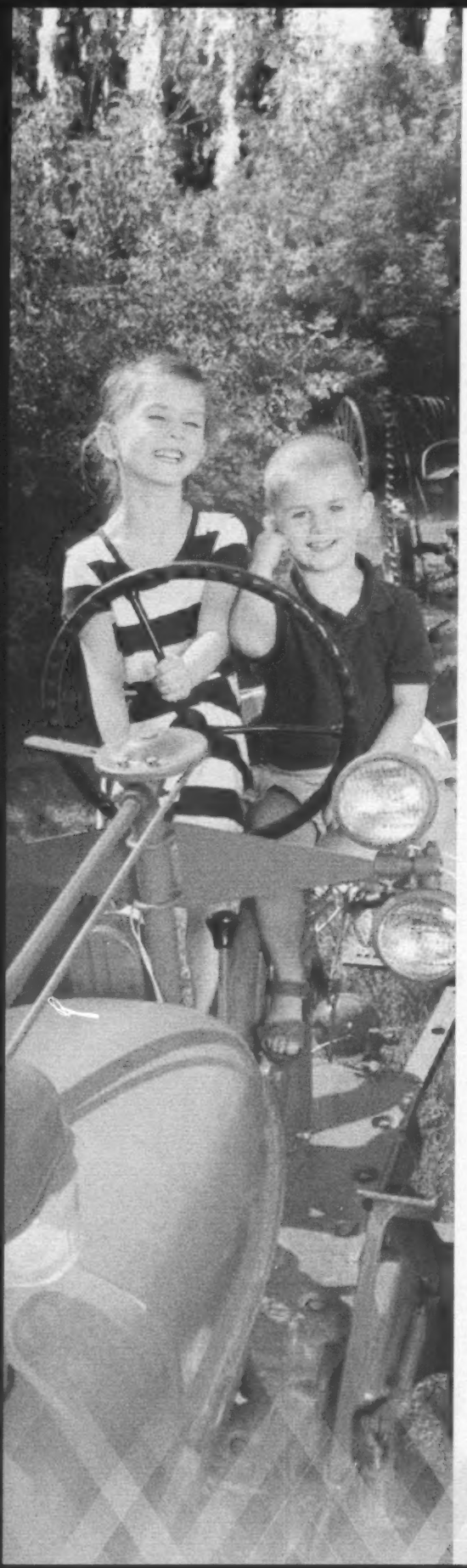
CITY OF ST. ALBERT

Year Ended December 31, 2014

SCHEDULE 2 - SCHEDULE OF UTILITY OPERATIONS

	Water	Wastewater	Storm	Waste	2014	2013
Revenue						
Sales and User Fees	$ 11,358	$ 10,583	$ 4,545	$ 5,708	**$ 32,194**	$ 30,000
Government Transfers	943	3,237	3,007	-	**7,187**	6,378
Fines and Penalties	42	41	17	14	**114**	112
Investment Income	112	147	288	(87)	**460**	396
Developer Contributions and Levies	2,580	223	-	-	**2,803**	4,448
Total Revenue	15,035	14,231	7,857	5,635	**42,758**	41,334
Expenses						
Purchases from Other Governments	4,495	5,226	-	-	**9,721**	8,875
Contracted and General Services	1,703	1,734	943	4,288	**8,668**	7,616
Amortization	1,580	1,052	1,157	325	**4,114**	4,012
Salaries, Wages and Benefits	1,530	1,479	372	988	**4,369**	4,170
Materials, Good and Utilities	624	177	68	40	**909**	993
Other Expenses	159	208	36	334	**737**	653
(Gain)/Loss on Disposal of Tangible Capital Assets	22	22	21	-	**65**	(20)
Total Expenses	10,113	9,898	2,597	5,975	**28,583**	26,299
Excess (Deficiency) of Revenues over Expenses Before Other	4,922	4,333	5,260	(340)	**14,175**	15,035
Other						
Contributed Assets	1,118	710	1,346	-	**3,174**	4,663
Excess of Revenue over Expenses	$ 6,040	$ 5,043	$ 6,606	$ (340)	**$ 17,349**	$ 19,698

The accompanying notes are an integral part of these consolidated financial statements.



STATISTICAL SECTION

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GENERAL STATISTICAL INFORMATION

(Unaudited)

For the Years Ended December 31, 2010 - 2014 **(in thousands of dollars)**

	2014	2013	2012	2011	2010
POPULATION (2)	**63,255**	**61,421**	**60,944**	**61,466**	**60,138**
NUMBER OF DWELLING UNITS (5)	**25,040**	24,714	24,001	23,446	23,306
MUNICIPAL AREA (IN HECTARES)	**4,973**	4,973	4,973	4,966	4,966
BUILDING PERMITS VALUE (IN THOUSANDS)					
Residential	**176,794**	158,676	97,580	95,214	82,342
Commercial	**19,363**	42,569	16,340	4,573	9,741
Industrial	**8,515**	5,787	21,023	14,420	21,975
Institutional	**633**	2,405	1,524	996	2,650
	205,305	209,437	136,467	115,203	116,708
BUILDING PERMITS ISSUED					
Residential	**759**	725	616	614	609
Commercial	**68**	74	66	57	60
Industrial	**60**	59	44	50	37
Institutional	**20**	21	16	18	16
	907	879	742	739	722
PARK AREA (IN HECTARES) (3)	**515**	510	513	511	414
TAX COLLECTION RATE (PERCENTAGE)	**97.44**	97.22	97.78	97.45	97.28
LONG TERM DEBT					
Long term debt **(IN THOUSANDS)**	**49,270**	52,858	56,821	61,190	66,169
Retired Within 5 Years	**42.0**	37.0	34.0	32.0	31.0
Retired Thereafter	**58.0**	63.0	66.0	68.0	69.0
RESIDENTIAL TAX INCREASE	**0.2**	2.8	2.6	3.2	2.8
QUALITY OF LIFE SATISFACTION (4)	**98**	-	99	-	98
CONSUMER PRICE INDEX CHANGE (PERCENTAGE) (1)					
Alberta	**2.6**	1.4	1.1	2.4	1.0
Canada	**2.0**	0.9	1.5	2.9	1.8
UNEMPLOYMENT RATE(PERCENTAGE)(1)					
Alberta	**4.7**	4.6	4.5	4.9	5.6
Canada	**6.9**	7.1	7.0	7.5	7.8
CITY OF ST.ALBERT EMPLOYEES (6)	**585.21**	575.64	560.07	553.04	537.04
NET DEBT PER CAPITA	**779**	861	932	996	1,101

Notes

1. Consumer Price Index and Unemployment Rate data obtained from Statistics Canada
2. 2014 St. Albert Municipal Census Report
3. Provinical Parks and Urban Reserves are not included within Park Area Calculation
4. Quality of Life Satisfaction Survey is completed every two years
5. Number of Dwelling Units is based on Assessment Department data
6. Positions are stated in full time equivalents

TAXATION AND ASSESSMENT

For the Years Ended December 31, 2010 - 2014

	2014	2013	2012	2011	2010
TAX RATES (in millions)					
Municipal - Residential	**7.684**	7.723	7.631	7.316	7.504
Municipal - Non-Residential	**10.893**	11.357	11.880	12.296	12.155
Public School (PROTESTANT)					
Residential	**2.502**	2.598	2.798	2.552	2.657
Non-Residential	**3.392**	3.504	3.500	3.482	3.560
Separate School (CATHOLIC)					
Residential	**2.502**	2.598	2.798	2.552	2.657
Non-Residential	**3.392**	3.504	3.500	3.482	3.560
ASSESSMENT (percentage change)					
Residential - Market Value	**1.51**	1.53	(1.81)	5.10	(6.64)
Residential - Growth	**2.62**	2.28	1.60	2.15	1.18
Non - Residential Market Value	**5.48**	7.79	6.41	1.47	(6.73)
Non - Residential Growth	**4.90**	2.97	3.46	5.24	0.33

TAXATION AND REQUISITIONS

For the Years Ended December 31, 2010 - 2014 (in thousands of dollars)

	2014	2013	2012	2011	2010
TAXATION					
Real Property Taxes	$ **111,529**	$ 107,877	$ 104,085	$ 98,261	$ 93,075
Linear Property Taxes	**1,110**	1,059	1,139	1,132	1,115
Government Grants in Place of Property Taxes	**1,082**	1,032	1,022	1,007	873
	113,721	109,968	106,246	100,400	95,063
REQUISITIONS					
Alberta School Foundation Fund	**20,404**	27,082	19,134	17,462	16,813
Opted Out School Board	**7,069**	-	8,355	7,632	7,477
Sturgeon Foundation Requisition	**1,007**	947	940	836	526
Other	**80**	291	284	487	446
	28,560	28,320	28,713	26,417	25,262
TAXES AVAILABLE FOR MUNICIPAL PURPOSES	$ **85,161**	$ 81,648	$ 77,533	$ 73,983	$ 69,801

TAXABLE ASSESSMENT AND GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES

For the Years Ended December 31, 2010 - 2014 (in thousands of dollars)

	2014	2013	2012	2011	2010
TAXABLE ASSESSMENT					
Residential	$ 9,097,802	$ 8,733,438	$ 8,410,660	$ 8,430,912	$ 7,852,882
Commercial	868,053	776,984	684,622	610,102	578,046
Industrial	369,993	333,233	307,784	279,800	248,456
Special and Other	77,811	74,727	74,481	75,740	81,683
	10,413,659	9,918,382	9,477,547	9,396,554	8,761,067
GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES	77,141	74,465	68,228	65,908	58,027
TOTAL TAXABLE ASSESSMENT AND GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES	$ 10,490,800	$ 9,992,847	$ 9,545,775	$ 9,462,462	$ 8,819,094
TOTAL TAXABLE ASSESSMENT AND GOVERNMENT GRANTS IN PLACE OF PROPERTY TAXES (PERCENTAGE)					
Residential	86.7	87.4	88.1	89.1	89.0
Commercial	8.3	7.8	7.2	6.4	6.6
Industrial	3.5	3.3	3.2	3.0	2.8
Special and Other	0.8	0.8	0.8	0.8	0.9
Grants in Place	0.7	0.7	0.7	0.7	0.7
RESIDENTIAL / NON-RESIDENTIAL SPLIT* (PERCENTAGE)					
Residential	86.7	87.4	88.2	89.1	89.1
Non-Residential	13.3	12.6	11.8	10.9	10.9

* With grant in place allocated between residential and non-residential.

TAX COLLECTION

For the Years Ended December 31, 2010 - 2014 (in thousands of dollars)

	2014	2013	2012	2011	2010
CURRENT LEVY	$ 113,831	$ 110,052	$ 106,327	$ 100,463	$ 95,130
TAXES RECEIVABLE					
Current	1,869	2,110	1,613	1,524	1,703
In Arrears for More than One Year	1,042	947	751	783	640
	$ 2,911	$ 3,057	$ 2,364	$ 2,307	$ 2,343
TAXES OUTSTANDING, BEFORE ALLOWANCE					
Total %	2.56 %	2.78 %	2.22 %	2.30 %	2.46 %

Note that 14 principle taxpayers made up 5 per cent of the 2014 tax levy; therefore, no undue reliance is placed upon any one taxpayer.

TOTAL LONG-TERM DEBT AND LONG-TERM DEBT SERVICING LIMITS

For the Years Ended December 31, 2010 - 2014 (in thousands of dollars)

	2014	2013	2012	2011	2010
TAXES RECEIVABLE					
Tax Supported	$ 49,270	$ 52,858	$ 56,821	$ 61,190	$ 66,169
	49,270	52,858	56,821	61,190	66,169
TOTAL LONG-TERM DEBT					
Maximum Allowable Annual Debt Servicing	$ 40,333	$ 40,261	$ 36,627	$ 33,874	$ 32,575
Annual Servicing on Existing Debt	6,000	6,000	6,564	7,199	8,046
Amount of Limit Used (Percentage)	15	15	18	21	25

RESTRICTED SURPLUS RESERVE BALANCES

For the Years Ended December 31, 2010 - 2014 (in thousands of dollars)

	2014	2013	2012	2011	2010
OPERATING RESERVES					
General Government	$ 11,609	$ 7,419	$ 6,231	$ 6,096	$ 5,725
Children's Festival	123	199	197	236	229
Museum	100	91	82	44	86
Library	57	57	67	67	67
Subtotal	11,889	7,766	6,577	6,443	6,107
Arts & Heritage Foundation	37	27	8	21	216
Total Operating Reserves	11,926	7,793	6,585	6,464	6,323
CAPITAL RESERVES					
General Government	47,178	47,104	23,772	24,563	34,423
Library	424	450	248	321	269
Subtotal	47,602	47,554	24,020	24,884	34,692
Utilities	24,459	18,602	16,450	12,902	10,474
Total Capital Reserves	72,061	66,156	40,470	37,786	45,166
TOTAL RESTRICTED SURPLUS RESERVES	$ 83,987	$ 73,949	$ 47,055	$ 44,250	$ 51,489

KEY COMPONENTS OF FINANCIAL POSITION

For the Years Ended December 31, 2010 - 2014 (in thousands of dollars)

	2014	2013	2012	2011	2010
Total Financial Assets	$ 152,441	$ 128,718	$ 107,181	$ 90,749	$ 96,393
Total Financial Liabilities	118,760	111,204	121,873	113,336	118,036
Net Debt	33,681	17,514	(14,692)	(22,587)	(21,643)
Total Non-Financial Assets	855,620	830,275	775,792	754,439	729,450
Total	889,301	847,789	761,100	731,852	707,807
Key Components of Financial Assets Include:					
Cash and Cash Equivalents	27,680	43,015	21,176	35,425	37,551
Investments	111,248	72,615	74,194	43,981	48,040
Key Components of Financial Liabilities Include:					
Long Term Debt	49,270	52,858	56,821	61,190	66,169
Key Components of Non-Financial Assets Include:					
Tangible Capital Assets	854,363	828,880	774,492	752,965	727,767
Key Components of Accumulated Surplus Include:					
Invested in Tangible Capital Assets	805,094	776,022	717,671	691,775	661,598
Restricted Surplus - Reserves	$ 83,987	$ 73,949	$ 47,055	$ 44,250	$ 51,489

	2014	2013	2012	2011	2010
ACQUISITIONS OF TANGIBLE CAPITAL ASSETS					
Building Improvements	$ 699	$ 1,540	$ 1,435	$ 2,053	$ 961
Library Collections	445	509	445	425	403
Land Improvement	1,297	1,184	841	2,688	5,666
Engineered Structures	24,034	20,700	16,309	17,722	14,913
Buildings	269	(1,987)	4,439	762	3,745
Machinery and Equipment	3,049	1,881	1,960	3,372	2,057
Land	11,882	29,253	1,772	17,714	4,590
Vehicles	2,160	1,200	1,886	1,556	1,771
Assets Under Construction	2,793	20,265	13,299	(822)	(306)
TOTAL TANGIBLE CAPITAL ASSET ACQUISITIONS	$ 46,628	$ 74,545	$ 42,386	$ 45,470	$ 33,800

REVENUE BY OBJECT, EXPENSE BY FUNCTION , AND ANNUAL SURPLUS

For the Years Ended December 31, 2010 - 2014 (in thousands of dollars)

	2014	2013	2012	2011	2010
REVENUE AND OTHER					
Property Taxes	$ 85,161	$ 81,648	$ 77,533	$ 73,983	$ 69,801
Sales and User Fees	52,691	49,465	45,898	42,589	39,911
Government Transfers	24,401	37,365	27,533	22,763	41,446
Fines and Penalties	4,310	3,704	4,140	3,610	4,243
Developer Contributions and Levies	3,092	11,318	3,779	811	693
Contracted Services Revenue	2,933	2,436	2,424	2,378	2,375
Licenses and Permits	2,880	2,846	2,125	1,782	1,705
Other Revenue	2,048	984	2,078	3,954	1,722
Franchise Fees	1,943	1,788	1,877	1,400	1,031
Investment Income	2,153	1,648	1,201	1,126	773
TOTAL REVENUE BY OBJECT	181,612	193,202	168,588	154,396	163,700
EXPENSE BY FUNCTION					
Protective Services	29,586	29,255	27,761	24,720	23,859
Utility Services	28,519	26,320	25,516	26,055	25,416
Recreation and Parks	23,746	23,500	23,714	23,039	22,950
Transportation and Roadway Services	25,078	23,632	21,075	21,118	18,959
General Government Services	13,924	12,222	12,268	11,121	12,087
Transit Services	13,214	12,679	11,886	11,002	10,297
Cultural Services	11,261	10,828	11,212	12,499	11,589
Planning and Development Services	4,313	3,750	3,885	3,484	4,593
Family and Social Services	2,577	2,701	2,680	2,610	2,677
(Gain)/Loss on Disposal of Tangible Capital Assets	(101)	206	1,436	1,023	427
TOTAL EXPENSE BY FUNCTION	152,117	145,093	141,433	136,671	132,854
ANNUAL SURPLUS	29,495	48,109	27,155	17,725	30,846
Contributed Assets	12,017	38,580	2,093	6,320	4,536
BEGINNING ACCUMULATED SURPLUS	847,789	761,100	731,852	707,807	638,670
ACCUMULATED SURPLUS END OF YEAR	$ 889,301	$ 847,789	$ 761,100	$ 731,852	$ 674,052

EXPENSES BY OBJECT

For the Years Ended December 31, 2010 - 2014 (in thousands of dollars)

	2014	2013	2012	2011	2010
Salaries, Wages and Benefits	$ **69,240**	$ 65,623	$ 62,437	$ 58,540	$ 56,537
Contracted and General Services	**26,387**	23,835	22,814	24,448	24,095
Amortization	**20,746**	19,872	19,264	19,164	18,116
Purchases from Other Governments	**17,104**	16,600	14,920	14,415	13,863
Materials, Good and Utilities	**13,962**	13,910	13,508	12,810	11,639
Transfers to Indiviuals & Organizations	**1,860**	1,938	2,831	2,258	4,203
Interest on Long Term Debt	**2,384**	2,557	2,748	2,989	3,241
Other Expenses (Recovery)	**535**	552	1,475	1,024	733
(Gain)/Loss on Disposal of Tangible Capital Assets	**(101)**	206	1,436	1,023	427
TOTAL EXPENSES	$ **152,117**	$ 145,093	$ 141,433	$ 136,671	$ 132,854

City of St. Albert
Cultivate Life

2014 Annual Report

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